

**CONFIDENTIAL**STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐  
(highlight changes)**APPLICATION FOR PERMIT TO DRILL**

1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NUMBER: Fee
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
2. NAME OF OPERATOR: Fat Chance Oil & Gas, LLC		7. UNIT or CA AGREEMENT NAME:
3. ADDRESS OF OPERATOR: PO Box 7370 CITY Sheridan STATE WY ZIP 82801		8. WELL NAME and NUMBER: Coalville 12-3
PHONE NUMBER: (307) 673-1500		9. FIELD AND POOL, OR WILDCAT: Wildcat
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1413' FSL 548' FWL AT PROPOSED PRODUCING ZONE: same		10. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 3 T2N R5E S
13. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 2 miles NE of Coalville		11. COUNTY: Summit
		12. STATE: UTAH
14. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 548'	15. NUMBER OF ACRES IN LEASE: 811	16. NUMBER OF ACRES ASSIGNED TO THIS WELL: 160
17. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 3960'	18. PROPOSED DEPTH: 3,700	19. BOND DESCRIPTION: Utah DOGM Surety #885588C
20. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5983' GR	21. APPROXIMATE DATE WORK WILL START: 9/1/2001	22. ESTIMATED DURATION: 10 days

**TIGHT HOLE**23. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
12 1/4"	9 5/8" H-40 32.3#	500	Type III 225 sx 1.54 14#
8 3/4"	7" J-55 23#	3,700	50/50 Poz 250 sx 1.22 14.3#

RECEIVED

JUL 17 2001

24. **ATTACHMENTS**

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER     | <input checked="" type="checkbox"/> COMPLETE DRILLING PLAN  |
| <input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER | <input checked="" type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER |

NAME (PLEASE PRINT) Bill Courtney

TITLE Operations Assistant

SIGNATURE

*Bill Courtney*

DATE

7/16/2001

(This space for State use only)

API NUMBER ASSIGNED: \_\_\_\_\_

APPROVAL: \_\_\_\_\_

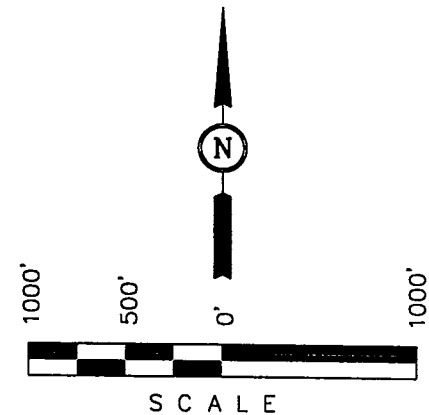
*T2N, R5E, S.L.B.&M.*

QUANECO, LLC

Well location, COALVILLE #12-3, located as shown in the NW 1/4 SW 1/4 of Section 3, T2N, R5E, S.L.B.&M. Summit County, Utah.

### BASIS OF ELEVATION

BENCH MARK LOCATED IN THE NE 1/4 OF SECTION 10, T2N, R5E, S.L.B.&M. TAKEN FROM THE TURNER HOLLOW QUADRANGLE, UTAH, SUMMIT COUNTY 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5707 FEET.



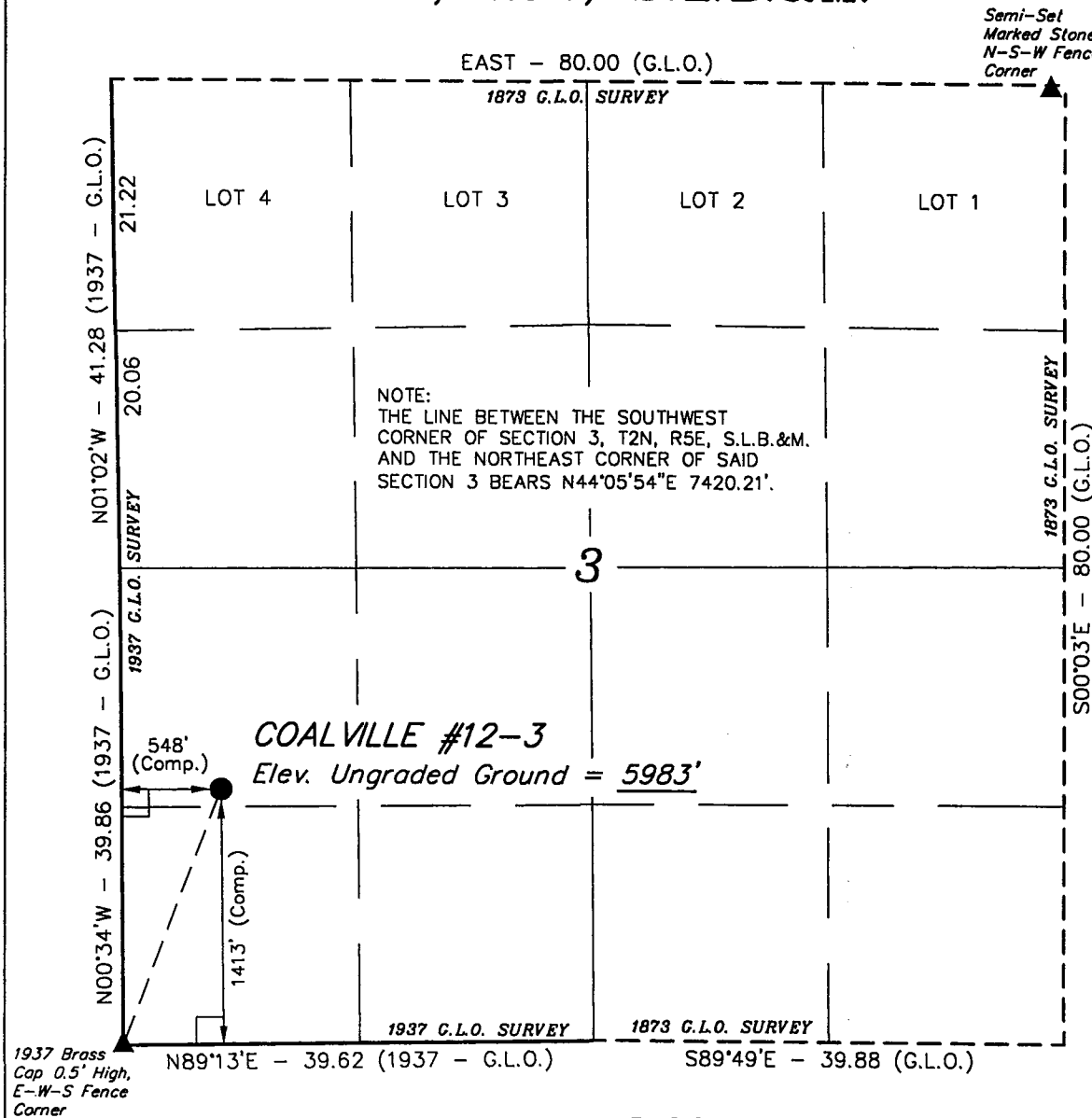
### CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

*[Signature]*  
REGISTERED LAND SURVEYOR  
REGISTRATION NO. 161319  
STATE OF UTAH

**UINTAH ENGINEERING & LAND SURVEYING**  
85 SOUTH 200 EAST - VERNAL, UTAH 84078  
(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 7-12-01	DATE DRAWN: 7-13-01
PARTY J.F. P.J. D.COX	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE QUANECO, LLC	



### BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.

LATITUDE = 40°55'58"  
LONGITUDE = 111°22'32"

### LEGEND:

- └─ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

# FAT CHANCE OIL AND GAS, LLC

July 16, 2001

Utah Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

**RE: Confidentiality of information: Coalville 12-3**

Attention:

Fat Chance Oil and Gas, LLC formally requests that submitted information on the Coalville 12-3 be held confidential.

Your cooperation is appreciated.

Sincerely,



Bill Courtney  
Operations Assistant/Agent

**CONFIDENTIAL**

**RECEIVED**

**TIGHT HOLE**

JUL 17 2001

DIVISION OF  
OIL, GAS AND MINING

**CONTACT LIST**

**Fat Chance Oil & Gas, LLC**  
**PO Box 7370**  
**Sheridan WY 82801**  
**307-673-1500**

**United Park City Mines**  
**Paul Lammers**  
**PO Box 1450**  
**Park City UT 84060**  
**435-655-6408**

**CONFIDENTIAL**STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
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FORM 3

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NAME (PLEASE PRINT) Bill Courtney TITLE Operations Assistant  
SIGNATURE Bill Courtney DATE 7/16/2001

(This space for State use only)

API NUMBER ASSIGNED: 43-043-30323

APPROVAL:

**Approved by the  
Utah Division of  
Oil, Gas and Mining**Date: 08-30-01  
By: [Signature]

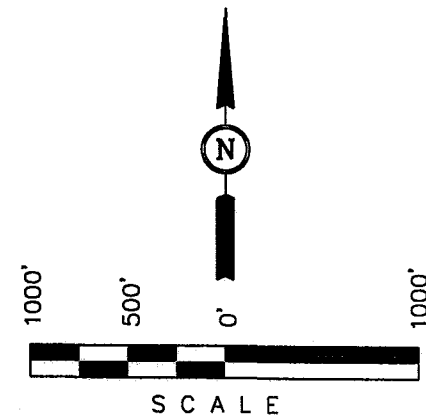
**T2N, R5E, S.L.B.&M.**

**QUANECO, LLC**

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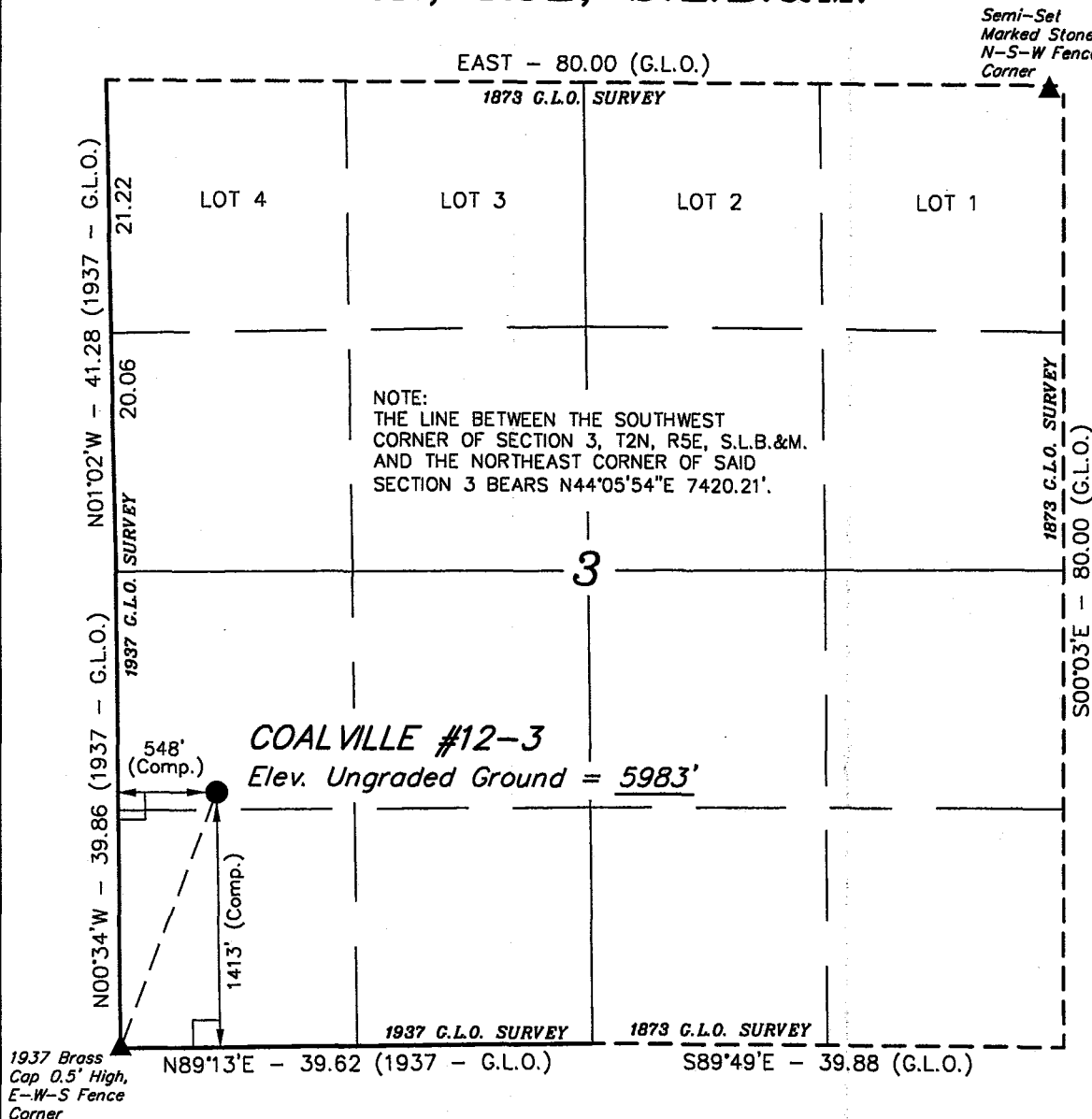
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 REGISTERED LAND SURVEYOR  
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 STATE OF UTAH

**UINTAH ENGINEERING & LAND SURVEYING**  
 85 SOUTH 200 EAST - VERNAL, UTAH 84078  
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LATITUDE = 40°55'58"  
 LONGITUDE = 111°22'32"

# **DRILLING PLAN**

Operator: Fat Chance Oil and Gas, LLC  
Coalville 12-3  
T2N R5E, Summit County, Utah

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## **1. ESTIMATED TOPS OF GEOLOGIC MARKERS**

<u>Formation</u>	<u>Depth</u>	<u>Fluid</u>
Oyster Ridge	Surface – 450'	None
Coalville	450' – 700'	Water, Coal, Gas
Chalk Creek	700' – 3000'	Water, Coal, Gas
Spring Valley	3000' – 3200'	Water, Coal, Gas
Long Wall	3200' – 3400'	None
Aspen/TD	3400' – 3700'	None

## **2. ESTIMATED DEPTHS OF ANTICIPATED WATER AND GAS FORMATIONS**

The objective formation is the Aspen formation. Operator intends to evaluate shows in the Coalville, Chalk Creek and Spring Valley intervals. The anticipated tops are listed in section one of the drilling plan.

## **3. PRESSURE CONTROL EQUIPMENT**

### **Minimum Specifications:**

1. 11" 3M BOP stack consisting of an annular preventer, pipe ram, and blind ram.
2. 2M choke manifold consisting of two adjustable chokes and bleed line.
3. 2" Kill Line
4. 2" Choke Line

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All components of the BOP stack are to be installed and pressure tested before drilling out from under the 9 5/8" surface casing. Rams, manifold and lines are to be tested to both a low pressure of 250 psi and a high pressure equal to the working pressure rating. The annular preventer is to be tested to 70% of the working pressure.

An adequate accumulator system will be utilized to hydraulically operate all components of the BOP equipment.

The surface casing will be pressure tested to 1000 psi.

The BOP equipment will be tested once every 30 days and whenever a pressure seal is broken.

## **DRILLING PLAN**

Operator: Fat Chance Oil and Gas, LLC  
Coalville 12-3  
T2N R5E, Summit County, Utah

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Operator will adhere to Utah Oil and Gas Conservation General Rule R649-3-7(Well Control).

### **4. CASING PROGRAM**

#### Surface:

OD: 9 5/8"  
Grade: H-40 or greater  
Wt: 32.30# or greater  
Cement: Cemented to surface with Lite and Tail Cements as required.  
Centralizers will be utilized to assure proper cement placement.

#### Production:

OD: 7"  
Grade: J-55 or greater  
Wt: 23# or greater  
Cement: Cemented to cover and isolate all zones of interest with Lite and Tail cements as required. Centralizers will be utilized to assure proper cement placement.

Surface casing will be cemented to surface, thus protecting shallow aquifers and the associated water. All zones of interest will be identified and evaluated. After running production casing, cement will be displaced to cover the shallowest zone of interest. As necessary, stages tools will be utilized if hydrostatic heads are excessive. The casing program will consist of setting 9 5/8" surface casing and 7" production casing.

### **5. DRILLING FLUID PROGRAM**

The drilling fluid will be a lightly treated fresh water native mud. Hole conditions will dictate if additives such as chemicals, gel or weighting materials are added. It is anticipated that occasional gel with LCM and/or polymer sweeps will be required to adequately clean the hole. Mud weight will be maintained at 9.5#/gal or less. Adequate quantities of barite to raise the mud weight to 10.5#/gal will be stored and available on location before drilling out the surface casing cement plug.

Mud pits will be visually monitored. The hole will be filled during trips and kept full at all times unless lost circulation is encountered.



## **DRILLING PLAN**

Operator: Fat Chance Oil and Gas, LLC  
Coalville 12-3  
T2N R5E, Summit County, Utah

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### **6. EVALUATION PROGRAM**

Coring:

Possibly cores will be obtained, utilizing the previously drilled Weber 13-3 as a control well for correlation purposes.

Logging:

One-man logging unit during drilling.

Open hole FDC-CNL-GR logs will be run from TD to surface.

### **7. ABNORMAL PRESSURES OR TEMPERATURES**

No abnormal pressures or temperatures are expected. Maximum anticipated bottom hole pressure is 1950 psi or less. The pressure gradient at any depth is expected to be .43 psi/ft or less.

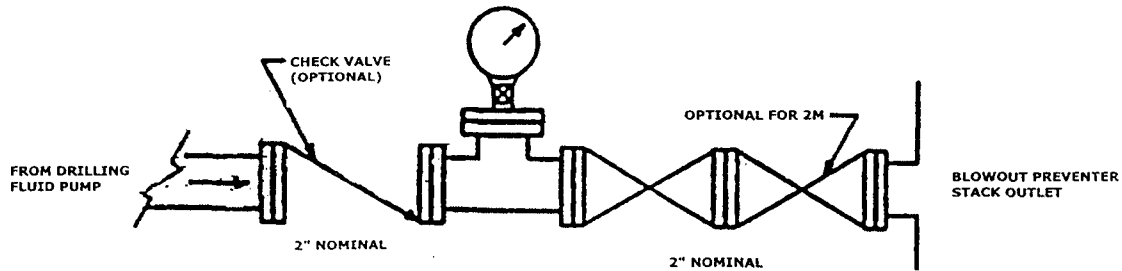
Hydrogen sulfide gas is produced from deeper formations in wells located within close proximity of the proposed well. However, the objective of the proposed well is the Aspen formation from which no hydrogen sulfide has been encountered nor in any formations above the Aspen. The presence of hydrogen sulfide in the proposed well is not expected or anticipated.

### **8. ADDITIONAL INFORMATION**

Anticipated spud of the proposed well will be immediately or as soon as practical after State approval.

Fat Chance Oil and Gas, LLC intends to test and evaluate any zone that indicates potential. The testing technique will consist of selectively perforating and flowing each zone of interest. Bridge plugs will be utilized to isolate zones as necessary for independent zone testing. Testing will be accordance with Utah Oil and Gas rule R649-3-19(Well Testing) and results will be submitted in writing to the Division of Oil, Gas and Mining.

# KILL LINE – CHOKE LINE/MANIFOLD SCHEMATIC



THREADED CONNECTIONS OPTIONAL FOR 2M RATED WORKING PRESSURE SERVICE

FIGURE K5-1. Typical kill line assembly for 2M and 3M rated working pressure service - surface installation.

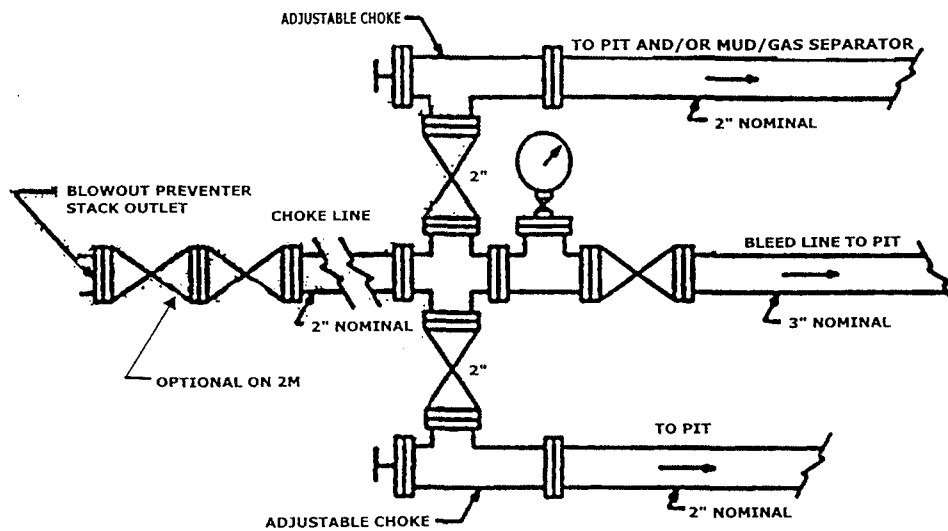
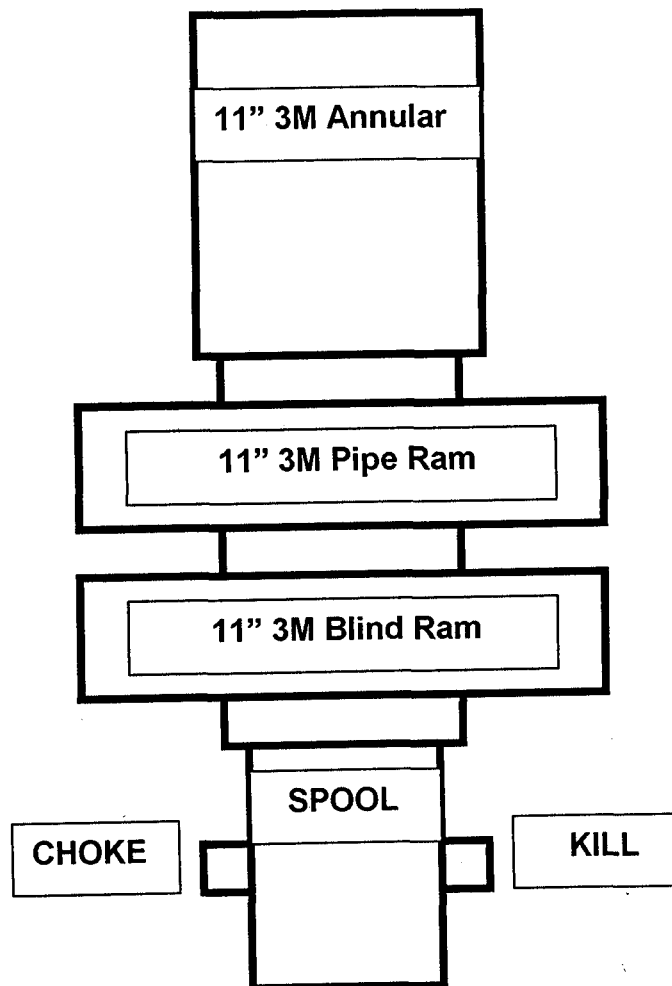


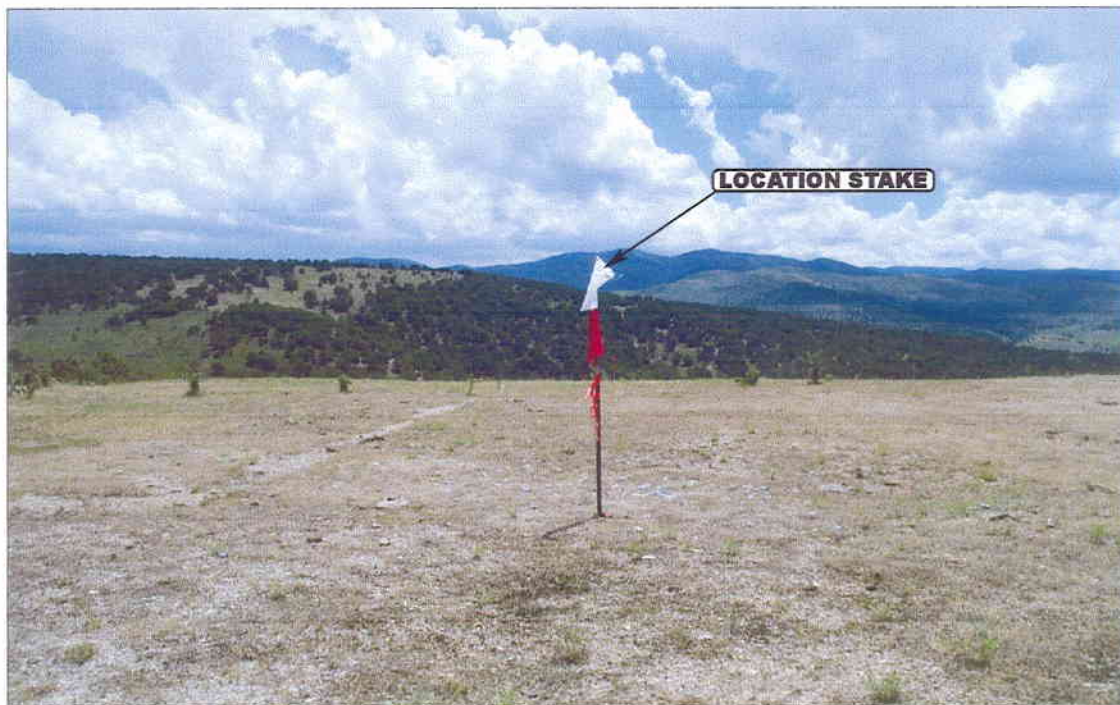
FIGURE K4-1. Typical choke manifold assembly for 2M and 3M rated working pressure service - surface installation.

# BOPE SCHEMATIC

API 3M - 11 - SRRA



**QUANECO, LLC.**  
**COALVILLE #12-3**  
LOCATED IN SUMMIT COUNTY, UTAH  
SECTION 3, T2N, R5E, S.L.B.&M.



**PHOTO: VIEW OF WELL LOCATION STAKE**

**CAMERA ANGLE: SOUTHEASTERLY**



**PHOTO: VIEW OF EXISTING ACCESS**

**CAMERA ANGLE: NORTHERLY**



- Since 1964 -

**U** **E** **L** **S** **U**  
**Uintah Engineering & Land Surveying**  
85 South 200 East Vernal, Utah 84078  
435-789-1017 uels@uelsinc.com

**LOCATION PHOTOS**

**7**

MONTH

**13**

DAY

**01**

YEAR

**PHOTO**

TAKEN BY: J.F.

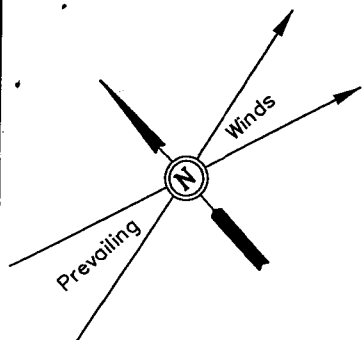
DRAWN BY: K.G.

REVISED: 00-00-00

# QUANECO, LLC.

## LOCATION LAYOUT FOR

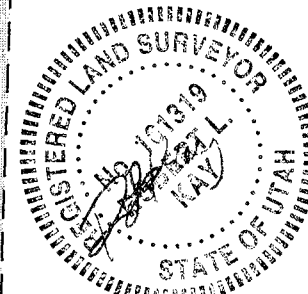
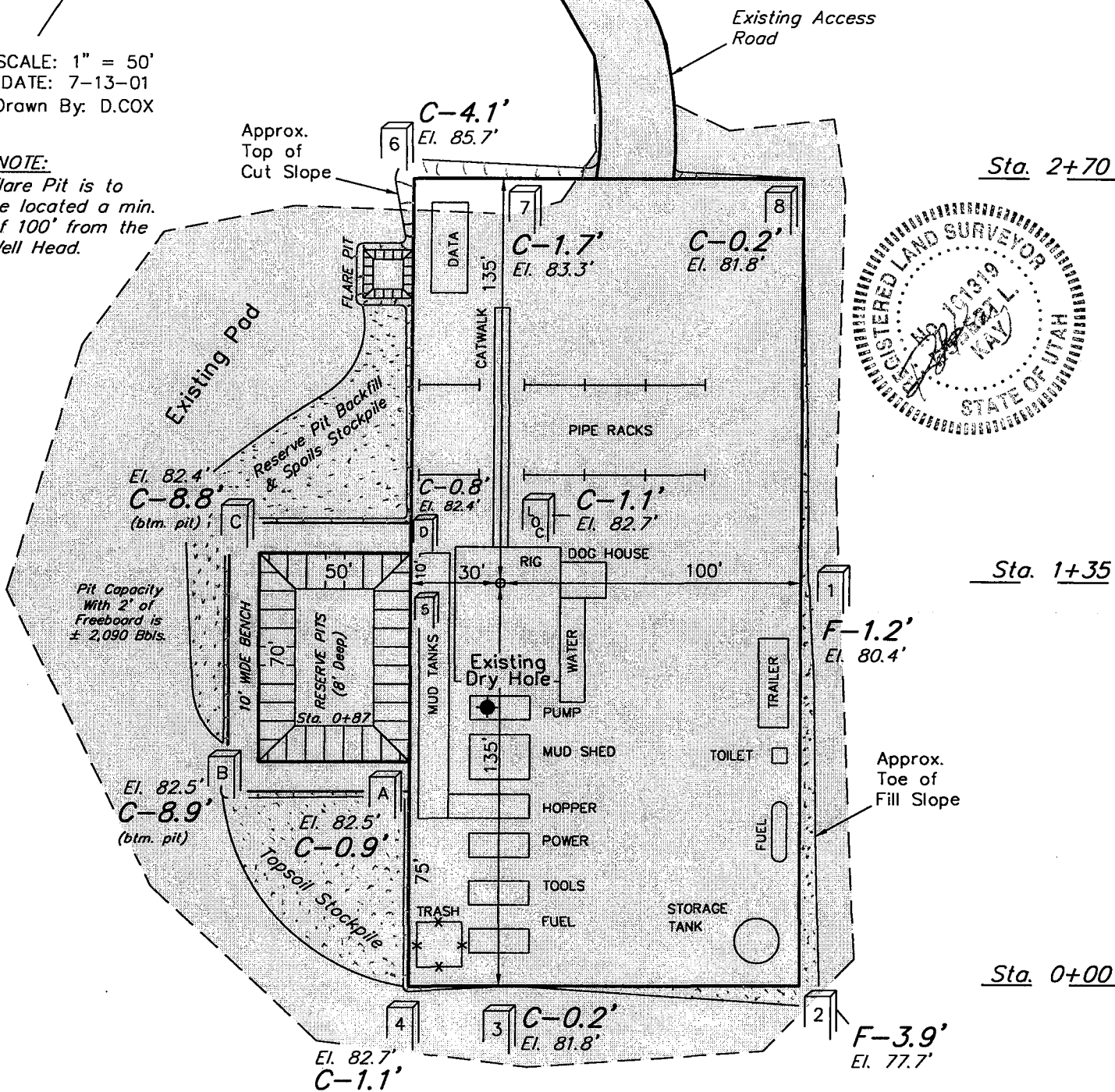
COALVILLE #12-3  
SECTION 3, T2N, R5E, S.L.B.&M.  
1413' FSL 548' FWL



SCALE: 1" = 50'  
DATE: 7-13-01  
Drawn By: D.COX

### NOTE:

Flare Pit is to be located a min. of 100' from the Well Head.



Elev. Ungraded Ground at Location Stake = 5982.7'  
Elev. Graded Ground at Location Stake = 5981.6'

UINTAH ENGINEERING & LAND SURVEYING  
85 So. 200 East • Vernal, Utah 84078 • (435) 789-1017

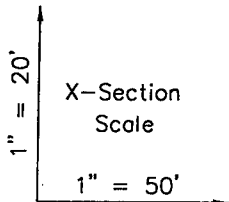
# QUANECO, LLC.

## TYPICAL CROSS SECTIONS FOR

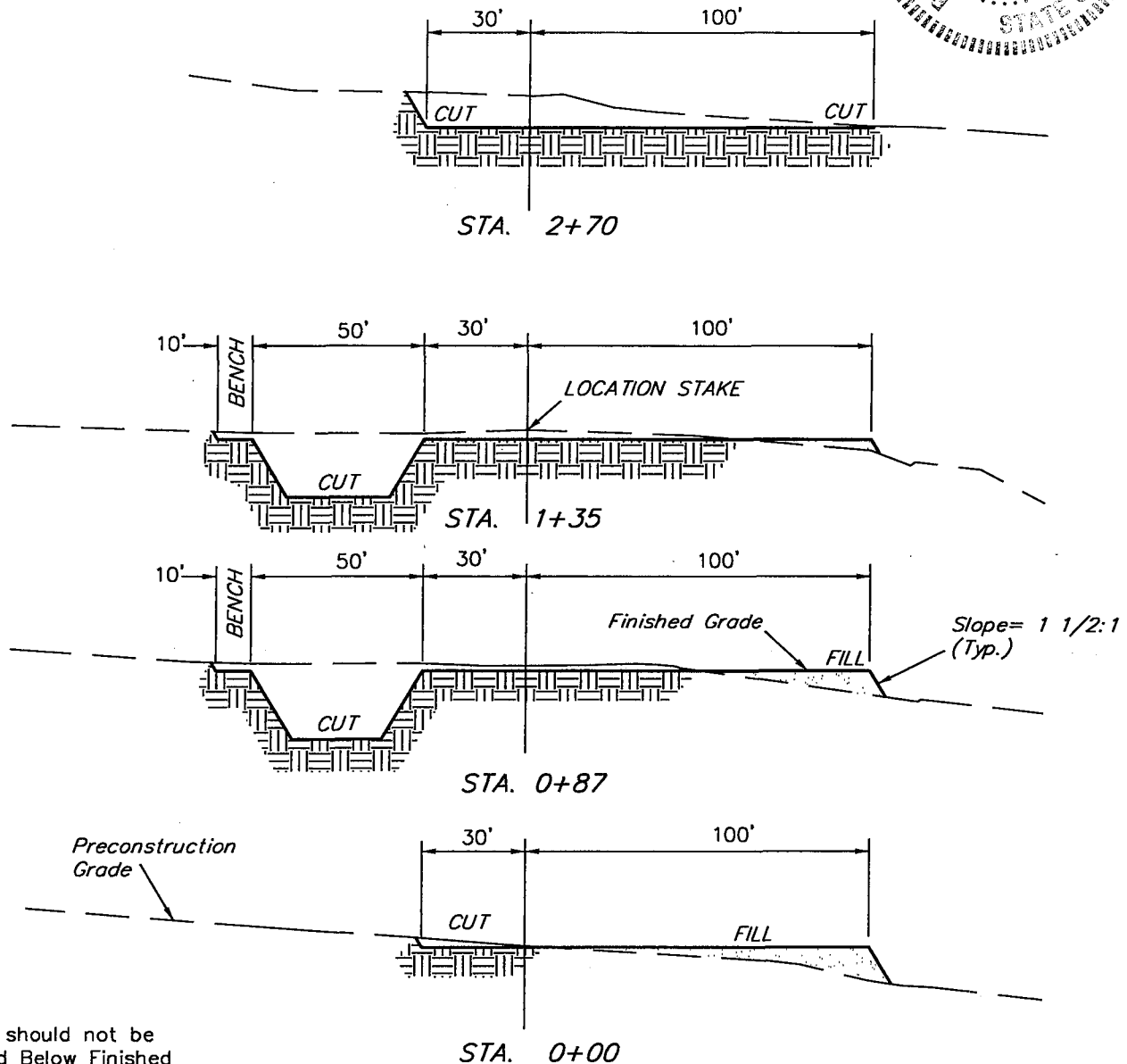
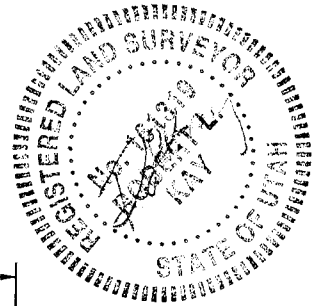
COALVILLE #12-3

SECTION 3, T2N, R5E, S.L.B.&M.

1413' FSL 548' FWL



DATE: 7-13-01  
Drawn By: D.COX



### NOTE:

Topsoil should not be Stripped Below Finished Grade on Substructure Area.

### APPROXIMATE YARDAGES

(6") Topsoil Stripping	=	750 Cu. Yds.
Remaining Location	=	1,130 Cu. Yds.
<b>TOTAL CUT</b>	<b>=</b>	<b>1,880 CU.YDS.</b>
<b>FILL</b>	<b>=</b>	<b>760 CU.YDS.</b>

EXCESS MATERIAL AFTER 5% COMPACTION	=	1,080 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	=	1,080 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	=	0 Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING  
85 So. 200 East • Vernal, Utah 84078 • (435) 789-1017











## QUANECO LLC

---

P.O. Box 7370  
Sheridan, Wyoming 82801  
307 673-1500

July 16, 2001

Lisha Cordova  
Utah Division of Oil, Gas and Mining  
1594 West Temple, Suite 1210  
Salt Lake City, Utah 84114-5801

Dear Lisha

We will obtain water for drilling and completing the Coalville 9-3 and 12-3 wells from water rights belonging to Dennis Wright in Coalville, Utah. Mr. Wright is submitting the proper forms to John Mann with the Utah Division of Water to complete this process and we will send the information to you when we get it. Mr. Wright told me that he thinks the Utah Division of Water will send the permission directly to you as well.

Sincerely,

*Bill Courtney*  
Bill Courtney

RECEIVED  
JUL 17 2001

DIVISION OF  
OIL, GAS AND MINING

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 5

DESIGNATION OF AGENT OR OPERATOR

The undersigned is, on record, the holder of oil and gas lease

LEASE NAME: United Park City Mines  
LEASE NUMBER: Fee

and hereby designates

NAME: Fat Chance Oil and Gas, LLC, an Oklahoma Limited Liability Company  
ADDRESS: PO Box 7370  
city Sheridan state WY zip 82801

as his (check one) agent ☐ / operator ☒, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the Division Director or Authorized Agent may serve written or oral instructions in securing compliance with the Oil and Gas Conservation General Rules and Procedural Rules of the Board of Oil, Gas and Mining of the State of Utah with respect to:

(Describe acreage to which this designation is applicable. Identify each oil and gas well by API number and name. Attach additional pages as needed.)

SEE ATTACHED

It is understood that this designation of agent/operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Oil and Gas Conservation General Rules and Procedural Rules of the Board of Oil, Gas and Mining of the State of Utah. It is also understood that this designation of agent or operator does not constitute an assignment of any interest in the lease.

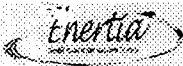
In case of default on the part of the designated agent/operator, the lessee will make full and prompt compliance with all rules, lease terms or orders of the Board of Oil, Gas and Mining of the State of Utah or its authorized representative.

The lessee agrees to promptly notify the Division Director or Authorized Agent of any change in this designation.

Effective Date of Designation: 01/01/2001

BY: (Name) Harrison Schumacher  
(Signature) [Signature]  
(Title) Managing Member/Agent  
(Phone) (800) 950-3519

OF: (Company) Quaneco, LLC  
(Address) 850 Val Vista  
city Sheridan  
state WY zip 82801



# LEASE DATA SHEET

## GENERAL LEASE INFORMATION

Lease ID: 008.0057 Prospect: 008: Utah Overthrust  
Lessor: United Park City Mines Company  
Lessee: Billy Jim Palone

Lease Date:	05/23/2000	Expire Date:	05/23/2007	Lease Type:	Oil & Gas Lease
Effective Date:	05/23/2000			Lease Status:	Undeveloped
Acquisition Date:	05/23/2000	Cancel Date:	05/23/2007	Model Form:	Producer's 88 Paid Up

## LEASE INFORMATION

Royalty: 12.500000 Gross Acres: 811.2700  
Burdens: 0.000000 Net Acres: 811.2700  
Lease NRI: 87.500000 Our Net Acres: 0.0000  
Bonus: 0.00 Rights: CONTR  
Bonus/Acre: 0.00

## LEASE RECORDING

Book	Page	Registry	Date
01331	270-271	00571624	8/24/2000
Summit, UT			

NO LEGAL TEXT FOUND ...

## TRACT INFORMATION

Tract: 008.0057.01 Utah 131-UT Status: Rental Accumulate: Yes  
Tract Royalty: 12.500000  
Tract Burdens: 0.000000  
Tract NRI: 87.500000  
Lessor MI: 0.000000  
Tract Rights:

## Map Reference Information

Summit, UT US Township: 2-N Range: 5-E Section: 3 Lot: Qtr/Qtr: Lots 1(42.22), 2(42.24), 3(42.26), 4(42.28), S2N2, S2  
Summit, UT US Township: 2-N Range: 5-E Section: 4 Lot: Qtr/Qtr: Lot1(42.24), SENE, E2SE

	Total:	Developed:	Undev:	Overlap:
Gross Acres:	811.2700	0.0000	811.2700	0.0000
Net Acres:	811.2700	0.0000	811.2700	
Cmpny Net Acres:	0.0000	0.0000	0.0000	

## Tract Depth Details:

Begin Depth: 0 End Depth: 99999 Deck: 118  
Depth Description:

## OWNERSHIP

Owner	Addr#	Int	WI	NRI	Inactive: No
Deck Desc: Utah 131-UT Comment:					
Effective Date: 05/01/2000 Thru: 12/31/2078					
00253	Quaneco II	00001	ORR1	0.00000000	0.02500000
00253	Quaneco II	00001	W1	1.00000000	0.85000000
00416	United Park City Mines	00001	ORR1	0.00000000	0.12500000
				1.00000000	1.00000000

NO LEASE PROVISIONS FOUND ...

## LEASE OBLIGATIONS

Oblig ID#: 00001  
Resp Party: 1 Quaneco, LLC  
Oblig Type: DELAY Desc: Delay Rental  
Begin: 05/23/2003 End: 05/23/2007 Status: PAY Frequency: 1 Year(s) Hold: No Amount: 16,225.40  
Description:

Payment No: 1  
Payee: 00416 United Park City Mines Depository:



# LEASE DATA SHEET

PO Box 1450  
Park City, UT 84060  
Tax ID #: 87-0219807  
Phone #:

Payment Amount: 16,225.40 1099 Handling: RENT  
Service Charge: 0.00  
Payment Details:

NO BILLING DATA ...

Lessor Full Name: United Park City Mines Company, a Delaware Corporation

NO X-REFERENCES FOUND ...

No Instrument Data found

NO ASSIGNMENTS FOUND ...

## OTHER DETAIL TEXT

LEGL

Township 2 North, Range 5 East, S1m, Summit County, Utah

Section 3: Lots 1(42.22), 2(42.24), 3(42.26), 4(42.28), S2N2, S2

Section 4: Lot 1(42.27), SENE, E2SE

NO CONTRACT RELATIONS ...

NO WELL COMPLETION DATA ...

## UPDATED BY

Desk	Name
------	------

Admin	Tom
-------	-----

LORNA	03/21/2001
-------	------------

**WORKSHEET**  
**APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 07/17/2001

API NO. ASSIGNED: 43-043-30323

WELL NAME: COALVILLE 12-3

OPERATOR: FAT CHANCE OIL & GAS ( N1395 )

CONTACT: BILL COURTNEY

PHONE NUMBER: 307-673-1500

**PROPOSED LOCATION:**

NWSW 03 020N 050E

SURFACE: 1413 FSL 0548 FWL

BOTTOM: 1413 FSL 0548 FWL

SUMMIT

WILDCAT ( 1 )

LEASE TYPE: 4 - Fee

LEASE NUMBER: FEE

SURFACE OWNER: 4 - Fee

PROPOSED FORMATION: ASPEN

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering	DLD	8/6/01
Geology		
Surface		

**RECEIVED AND/OR REVIEWED:**

☒ Plat  
☒ Bond: Fed[] Ind[] Sta[] Fee[4]  
(No. 885588C )  
☒ Potash (Y/N)  
☒ Oil Shale 190-5 (B) or 190-3 or 190-13  
☒ Water Permit  
(No. Chalk Creek/Hoytsville )  
☒ RDCC Review (Y/N)  
(Date: Comments due 8-2-01 )  
☒ Fee Surf Agreement (Y/N)

**LOCATION AND SITING:**

\_\_\_ R649-2-3. Unit \_\_\_\_\_  
\_\_\_ R649-3-2. General  
\_\_\_ Siting: 460 From Qtr/Qtr & 920' Between Wells  
☒ R649-3-3. Exception  
\_\_\_ Drilling Unit  
Board Cause No: \_\_\_\_\_  
Eff Date: \_\_\_\_\_  
Siting: \_\_\_\_\_  
\_\_\_ R649-3-11. Directional Drill

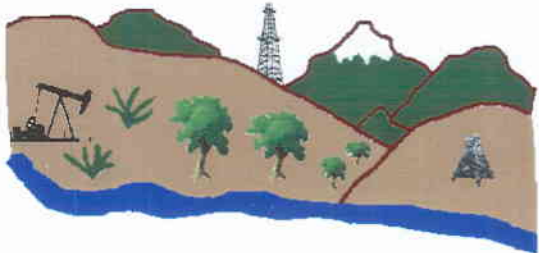
**COMMENTS:**

Need Presite. (7-18-01)

Need Ex Loc. info. (Rec'd 8-6-01)

**STIPULATIONS:** ① Production casing shall be cemented 100' minimum above any producing formation encountered while drilling and 100' minimum above any zones tested

② STATEMENT OF BASIS



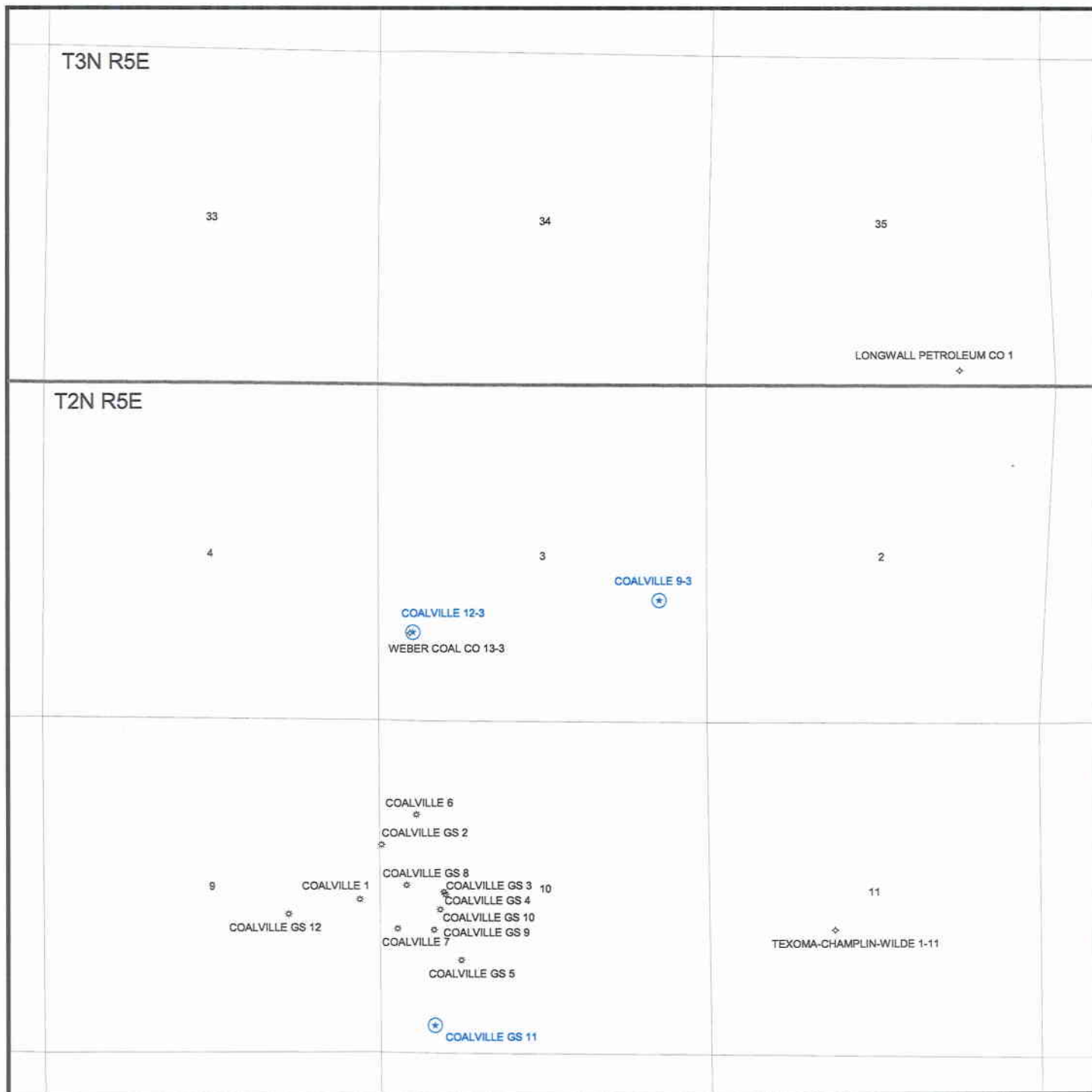
Utah Oil Gas and Mining

OPERATOR: FAT CHANCE O&G LLC (N1395)

SEC. 3, T2N, R5E

FIELD: WILDCAT (001)

COUNTY: SUMMIT SPACING: R649-3-3/EX LOC



# 07-01 Fat Chance Coalville 12-3

## Casing Schematic

Surface

Oyster Ridge

450' -  
Coalville  
9-5/8"  
MW 9.  
Frac 19.3

700' -  
Chalk Creek

TOC @  
0.

21% washout

Surface  
500. MD

BOP

BOP

$$(0.002)(3700)(9.5) = 1828 \text{ psi}$$

Anticipated = 1950 psi max

Gas

$$(0.12)(3700) = 444 \text{ psi}$$

MASP = 1506 psi

3M SRA BOP

Adequate DED 8/6/01

3000' -  
Spring Valley

3200' -  
Longwall

3400' -  
Aspen

7"  
MW 9.5

TOC @  
2419.

10% washout

Production  
3700. MD

Well name:

**07-01 Fat Chance Coalville 12-3**Operator: **Fat Chance Oil**String type: **Production**

Project ID:

43-043-30323

Location: **Summit Co.****Design parameters:****Collapse**Mud weight: 9.500 ppg  
Design is based on evacuated pipe.**Minimum design factors:****Collapse:**

Design factor 1.125

**Burst:**

Design factor 1.00

**Environment:**H2S considered? No  
Surface temperature: 65 °F  
Bottom hole temperature: 117 °F  
Temperature gradient: 1.40 °F/100ft  
Minimum section length: 368 ft

Cement top:

2,419 ft

*See strip***Burst**Max anticipated surface pressure: 0 psi  
Internal gradient: 0.494 psi/ft  
Calculated BHP 1,826 psi

No backup mud specified.

**Tension:**8 Round STC: 1.80 (J)  
8 Round LTC: 1.80 (J)  
Buttress: 1.60 (J)  
Premium: 1.50 (J)  
Body yield: 1.50 (B)

Non-directional string.

Tension is based on air weight.

Neutral point: 3,172 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	3700	7	23.00	J-55	ST&C	3700	3700	6.25	171
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	1826	3270	1.79	1826	4360	2.39	85	284	3.34 J

Prepared by: Dustin Doucet  
Utah Dept. of Natural ResourcesPhone: 801-538-5281  
FAX: 801-359-3940Date: August 2, 2001  
Salt Lake City, UtahENGINEERING STIPULATIONS: ~~NONE~~ *See worksheet*

Collapse strength is based on the Westcott, Dunlop &amp; Kemler method of biaxial correction for tension.

Collapse is based on a vertical depth of 3700 ft, a mud weight of 9.5 ppg. The casing is considered to be evacuated for collapse purposes.

Burst strength is not adjusted for tension.

*Engineering responsibility for use of this design will be that of the purchaser.*



Well name:

**07-01 Fat Chance Coalville 12-3**Operator: **Fat Chance Oil**String type: **Surface**

Project ID:

43-043-30323

Location: **Summit Co.****Design parameters:****Collapse**

Mud weight: 9.000 ppg

Design is based on evacuated pipe.

**Minimum design factors:****Collapse:**

Design factor 1.125

**Burst:**

Design factor 1.00

**Environment:**

H2S considered? No

Surface temperature: 65 °F

Bottom hole temperature: 72 °F

Temperature gradient: 1.40 °F/100ft

Minimum section length: 200 ft

Cement top: Surface

**Burst**

Max anticipated surface pressure: 0 psi

Internal gradient: 0.494 psi/ft

Calculated BHP 247 psi

No backup mud specified.

**Tension:**

8 Round STC: 1.80 (J)

8 Round LTC: 1.80 (J)

Buttress: 1.60 (J)

Premium: 1.50 (J)

Body yield: 1.50 (B)

Tension is based on air weight.

Neutral point: 434 ft

Non-directional string.

**Re subsequent strings:**

Next setting depth: 3,700 ft

Next mud weight: 9.500 ppg

Next setting BHP: 1,826 psi

Fracture mud wt: 19.250 ppg

Fracture depth: 500 ft

Injection pressure 500 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	500	9.625	32.30	H-40	ST&C	500	500	8.876	31.7
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	234	1370	5.86	247	2270	9.20	16	254	15.73 J

Prepared by: Dustin Doucet  
Utah Dept. of Natural ResourcesPhone: 801-538-5281  
FAX: 801-359-3940Date: August 2, 2001  
Salt Lake City, UtahENGINEERING STIPULATIONS: ~~NONE~~ See Worksheet

Collapse strength is based on the Westcott, Dunlop &amp; Kemler method of biaxial correction for tension.

Collapse is based on a vertical depth of 500 ft, a mud weight of 9 ppg. The casing is considered to be evacuated for collapse purposes.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

# **N-SITE PREDRILL EVALUATION**

## **Division of Oil, Gas and Mining**

**OPERATOR:** Fat Chance Oil and Gas, LLC

**WELL NAME & NUMBER:** Coalville 12-3

**API NUMBER:** 43-043-30323

**LEASE:** Fee (United Park City Mines) **FIELD/UNIT:** Wildcat

**LOCATION:** 1/4,1/4 NW SW **Sec** 3 **TWP:** 2 N **RNG:** 5 E 1413 **FSL** 548 **FWL**

**LEGAL WELL SITING:** 660' from the drilling unit boundary and 920' from other wells

**GPS COORD (UTM):** X = 468,390 E; Y = 4,531,143 N Calculated

**SURFACE OWNER:** United Park City Mines

### **PARTICIPANTS**

Mike Hebertson, (DOGM), Casey Osborn Dennis Brabec (Fat Chance), Paul Lammers, Julie Zamera  
(United Park City Mines)

### **REGIONAL/LOCAL SETTING & TOPOGRAPHY**

This area is located in the Overthrust Belt of eastern Utah and western Wyoming west the Uinta Mountains. The geologic setting is known as the Thrust Belt. US Highway 80 is about 4 miles to the west. Coalville is to the west about 1.5 miles and the Coalville Gas storage filed is south about ½ mile. The location is on the same pad as a previous well drilled in the 70's known as the Weber Coal Company 13-3 and is adjacent to an active drainage with several developed water resources. Spring Hollow Canyon is the main drainage and access to this location. The surface formation is of Cretaceous Frontier Formation composed of light yellow-gray marine sandstone gray marine shale, brown siltstone, coal, and conglomerate. The Frontier Formation Member known as the Oyster Ridge is a dominant feature in this area of the quad.

### **SURFACE USE PLAN**

**CURRENT SURFACE USE:** Grazing and wildlife habitat.

**PROPOSED SURFACE DISTURBANCE:** The operator proposes a 270' X 180' pad, outboard soil storage, and a 50' X 70' X 8' outboard attached pit, an existing road accesses the location is built along with an existing pad. About 100 feet of road will be repaired.

**LOCATION OF EXISTING WELLS WITHIN A 1-MILE RADIUS:** There are 6 existing wells within 1 mile of this location. One new permit is within the one mile radius.

**LOCATION OF PRODUCTION FACILITIES AND PIPELINES:** All production facilities for this well will remain on the location with exception of the pipelines and utilities for power. The pipeline and utility lines will be buried underground and follow the access road.

**SOURCE OF CONSTRUCTION MATERIAL:** Gravel location and approach road; soil stored in berm, the location will be made of natural material borrowed from leveling the pad during construction.

**ANCILLARY FACILITIES:** None

### **WASTE MANAGEMENT PLAN:**

Portable chemical toilets which will be emptied into the municipal waste treatment system; garbage cans on location will be emptied into centralized dumpsters which will be moved to an approved landfill. No crude oil is expected to be produced. Drilling fluid, completion / frac fluid and cuttings will be

buried in the pit after evaporation and salt saturated cuttings will be solidified in place, then buried. Produced water will be gathered to the evaporation pit and eventually disposed of at an approved disposal facility. Used oil from drilling operations and support will be hauled to a used oil re-cycling facility and re-used.

## **ENVIRONMENTAL PARAMETERS**

**AFFECTED FLOODPLAINS AND/OR WETLANDS:** This location uphill from Crane Reservoir about 1.2 miles and several developed water resources are within one mile. There is an active spring and a stock watering pond within ¼ mile. All precautions will be taken to insure the integrity of these resources.

**FLORA/FAUNA:** Open sagebrush, and grass meadows, cactus, birds, lizards, coyotes, rodents, raptors, occasional elk, deer, pronghorn and sage grouse. Critical winter range.

**SOIL TYPE AND CHARACTERISTICS:** Mostly clay with very little sand, light gray to dark brown in color. Some pit run type gravel. SM to SP type soils.

**SURFACE FORMATION & CHARACTERISTICS:** Wasatch Formation Clay with numerous rocks light gray to medium brown in color. Minor sand, and topsoil. Moderate to Poor Permeability.

**EROSION/SEDIMENTATION/STABILITY:** Stable. Wasatch type soils are generally susceptible to slumping when slopes are wet and become saturated. The slope of the ground in this location will not be sufficient for the unstable conditions to occur. Erosion and sedimentation at this location will not be an issue.

**PALEONTOLOGICAL POTENTIAL:** None observed.

## **RESERVE PIT**

**CHARACTERISTICS:** Dugout, earthen pit, as above.

**LINER REQUIREMENTS** (Site Ranking Form attached): Synthetic liner is required.

## **SURFACE RESTORATION/RECLAMATION PLAN**

A surface use agreement is in place.

**SURFACE AGREEMENT:** There is a surface use agreement.

**CULTURAL RESOURCES/ARCHAEOLOGY:** Archaeological survey is not required.

## **OTHER OBSERVATIONS/COMMENTS:**

This well is located on the pad of the previous Weber Coal Company 13-3 well drilled in the early 1970's. The possibility of mud contaminants being present in the old pit area is high and the orientation of the pit for the new well was discussed in detail. Some minor erosion has occurred on the old pad and will be fixed as part of occupying the surface.

## **ATTACHMENTS:**

Photographs were not taken.

K. Michael Hebertson  
DOGM REPRESENTATIVE

18-July-2001 10:00 AM  
DATE/TIME

**Evaluation Ranking Criteria and Ranking Scale  
For Reserve and Onsite Pit Liner Requirements**

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>5</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>2</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>5</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>0</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>10</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Based Mud	15	
Fluid containing significant levels of hazardous constituents	20	<u>10</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>10</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>6</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>10</u>

**Final Score**     58     (Level I Sensitivity)

Sensitivity Level I = 20 or more; total containment is required.

Sensitivity Level II = 15-19; lining is discretionary.

Sensitivity Level III = below 15; no specific lining is required.

**DIVISION OF OIL, GAS AND MINING**  
**APPLICATION FOR PERMIT TO DRILL**  
**STATEMENT OF BASIS**

**OPERATOR:** Fat Chance Oil and Gas, LLC

**WELL NAME & NUMBER:** Coalville 12-3

**API NUMBER:** 43-043-30323

**LEASE:** Fee (United Park City Mines) **FIELD/UNIT:** Wildcat

**LOCATION:** 1/4,1/4 NW SW **Sec** 3 **TWP:** 2 N **RNG:** 5 E 1413 **FSL** 548 **FWL**

**LEGAL WELL SITING:** 660' from the drilling unit boundary and 920' from other wells

**GPS COORD (UTM):** X = 468,390 E; Y = 4,531,143 N Calculated

**SURFACE OWNER:** United Park City Mines

**Geology/Ground Water:**

It is expected that fresh water aquifers containing significant volumes of high quality ground water will be penetrated. A moderately permeable soil is developed on the Tertiary clays of the Wasatch formation. There are 8 active water rights within a mile of this location, which indicate good water is present within a mile of location at a shallow depth or at the surface. The proposed casing and cementing programs should adequately isolate any zones of fresh water that may be penetrated but the operator must extend the surface casing setting depth as needed to completely contain the USDW's encountered and place cement across all fresh water zones. If the well is plugged and abandoned any zone of fresh water will be protected with cement and cement will be circulated to ground level on the surface casing string. As this location is near an active spring and drainage, extra care will be taken to protect any ground or surface water sources.

**Reviewer:** K. Michael Hebertson

**Date:** 17-July-2001

**Surface:**

The surface belongs to United Park City Mines and persons representing United Park City Mines were invited to the on-site inspection. Those attending the onsite are noted above in the Participants section of the review document. Items of concern at this location are surface use agreement, and winter drilling restrictions not yet specified by the surface owner. The site is actively being used by several types of wildlife and signs of active use are everywhere on the ground. The surface owner does not currently have objection to the operation.

**Reviewer:** K. Michael Hebertson

**Date:** 17-July-2001

**Conditions of Approval/Application for Permit to Drill:**

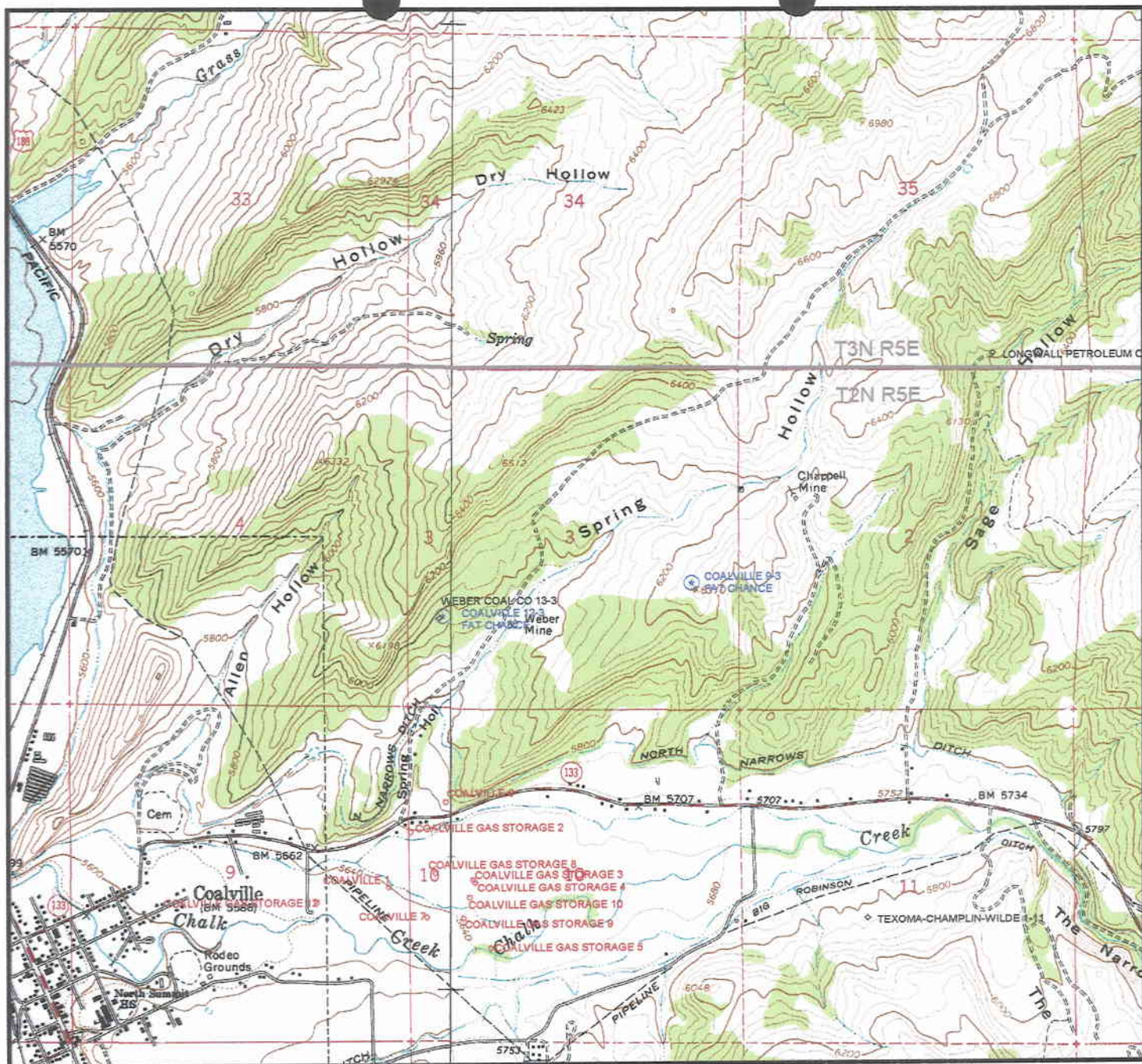
1. A 12-mil minimum thickness synthetic pit liner is required.
2. Berms and diversions to protect the location and spoil piles and control erosion and pollution.
3. Surface casing will be set through all active water zones, cement will be circulated to surface
4. Site infrastructure placement as per drilling location plat.
5. The location will be bermed on the top outside edge and topsoil will be stored in wind rows not piles.
6. Berms or ditches will be placed on all cut and fill slopes to catch and contain any fluids escaping location.
7. Opening of the old pit will not be allowed and must be reported immediately if the old pit is encountered.
8. Erosion on the east side of the existing pad will be repaired to surface owners standard.
9. The old Dry Hole marker will be removed and buried.





**FAT CHANCE, COALVILLE 12-3, SEC. 3, T2N, R5E, SUMMIT COUNTY, API 43-043-30323**

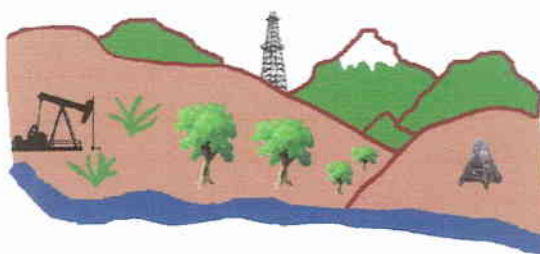




#### Well Status

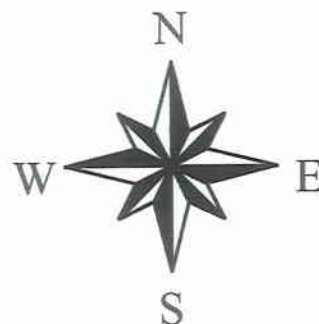
- ◊ GAS INJECTION
- ◊ GAS STORAGE
- × LOCATION ABANDONED
- ◊ NEW LOCATION
- ◊ PLUGGED & ABANDONED
- ★ PRODUCING GAS
- ★ PRODUCING OIL
- ✦ SHUT-IN GAS
- ✦ SHUT-IN OIL
- ✕ TEMP. ABANDONED
- ◊ TEST WELL
- ◊ WATER INJECTION
- ◊ WATER SUPPLY
- ◊ WATER DISPOSAL

- Sections
- Township



## Utah Oil Gas and Mining

The Division of Oil, Gas & Mining does not warrant or guarantee the accuracy of any data or information contained herein, and is not responsible for the accuracy of data not under its immediate control. The customer has requested data to be projected where there is no official survey, it is not to be used as reliable data.

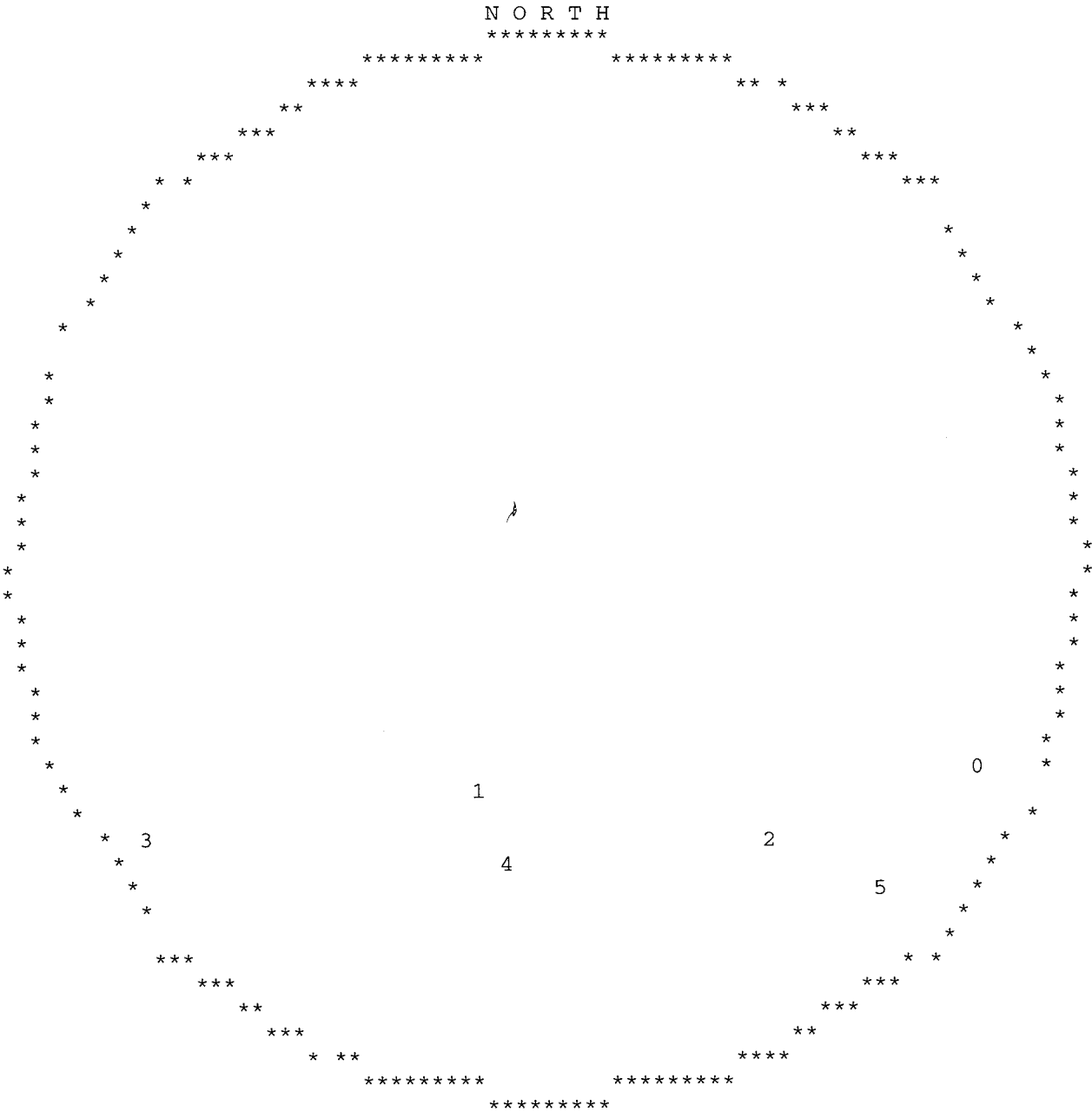


Prepared By: K. M. Hebertson

UTAH DIVISION OF WATER RIGHTS  
WATER RIGHT POINT OF DIVERSION PLOT CREATED TUE, JUL 17,  
PLOT SHOWS LOCATION OF 8 POINTS OF DIVER

PLOT OF AN AREA WITH A RADIUS OF 5280 FEET FR  
N 1413 FEET, E 548 FEET OF THE SW CORNER,  
SECTION 3 TOWNSHIP 2N RANGE 5E SL BASE AN

PLOT SCALE IS APPROXIMATELY 1 INCH = 2000 FEET






UTAH DIVISION OF WATER RIGHTS  
NWPLAT      POINT OF DIVERSION LOCATION PROGR

MAP CHAR	WATER RIGHT	CFS	QUANTITY AND/OR	AC-FT	SOURCE DESCRIPTION or WELL INFO DIAMETER	DEPTH	YEAR LOG	POINT NORTH	EA
0	35 1298	.0150		.00	6	125	1961 <u>Y</u>	S 423	W
	WATER USE(S): STOCKWATERING Blonquist, Howard								
0	a4370	.0150		.00	6	125	<u>N</u>	S 423	W
	WATER USE(S): STOCKWATERING Blonquist, Howard								
1	35 2381	.0370		.00	6	125	1975 <u>Y</u>	S 720	W
	WATER USE(S): IRRIGATION DOMESTIC STOCKWATERING Wright, Tony L.      Box 27A RFD								
2	35 1022	.0150		.00	6	75 - 150	<u>N</u>	S 1248	E
	WATER USE(S): DOMESTIC STOCKWATERING Willoughby, Earl Blaine Louder, Raymond M.								
3	a14330	.0380 OR		20.00	8	320		S 1260	E
	WATER USE(S): MUNICIPAL Coalville City Corporation      P.O. Box 188								
3	a21296	.2420 OR		18.78	8	320		S 1260	E
	WATER USE(S): MUNICIPAL Coalville City Corporation      10 North Main Street Spriggs, Wanda Y. (Revocable Trust)      755 South Hoytsville Road Marcellin, Frank L. and Gloria G.      725 South Hoytsville Road Bryant, David      RR 1 Box 90A Hull, Cordell and Kerry Ann      720 Hoytsville Road Rees, Clifton R. and Priscilla A.      716 South Hoytsville Rd. Boyer, Lorene B. (Trust)      758 south Hoytsville Road Boyer, William Leo (Trust)      758 South Hoytsville Road								
4	35 1021	.0150		.00	6	70 - 150	<u>N</u>	S 1555	E
	WATER USE(S): DOMESTIC STOCKWATERING Moore, Thomas Veran								
5	E1573	.0000		1.00	6	75	1979 <u>Y</u>	S 1600	W
	WATER USE(S): IRRIGATION DOMESTIC Staples, Clinton J.								

**STATE ACTIONS**  
**State Clearinghouse Coordinator**  
**116 State Capitol, SLC, UT 84114**  
**538-1535**

<b>1. Administering State Agency</b> Oil, Gas and Mining 1594 West North Temple, Suite 1210 Salt Lake City, UT 84114-5801	<b>2. State Application Identifier Number: (assigned by State Clearinghouse)</b>  <b>3. Approximate date project will start:</b> Upon Approval
<b>4. Areawide clearinghouse(s) receiving state action: (to be sent out by agency in block 1)</b>  Mountainland Association of Governments	
<b>5. Type of action:</b> / / Lease <input checked="" type="checkbox"/> / Permit    / / License    / / Land Acquisition  / / Land Sale    / / Land Exchange    / / Other _____	
<b>6. Title of proposed action:</b>  Application for Permit to Drill	
<b>7. Description:</b>  Fat Chance Oil & Gas, LLC proposes to drill the Coalville 12-3 well (wildcat) on a Fee lease, Summit County, Utah. This action is being presented to the RDCC for consideration of resource issues affecting state interests. The Division of Oil, Gas and Mining is the primary administrative agency in this action and must issue approval before operations commence.	
<b>8. Land affected (site location map required) (indicate county)</b>  NW/4, SW/4, Section 3, Township 2 North, Range 5 East, Summit County, Utah	
<b>9. Has the local government(s) been contacted?</b>  No	
<b>10. Possible significant impacts likely to occur:</b>  Degree of impact is based on the discovery of oil or gas in commercial quantities.	
<b>11. Name and phone of district representative from your agency near project site, if applicable:</b>  	
<b>12. For further information, contact:</b>   <div style="text-align: right;"><b>Lisha Cordova</b> <b>Phone:</b> (801) 538-5296</div>	<b>13. Signature and title of authorized officer</b>  <div style="text-align: center;">  for John R. Baza, Associate Director <b>Date:</b> July 18, 2001</div>

**From:** Frances Bernards  
**To:** Lisha Cordova  
**Date:** 7/30/01 4:38PM  
**Subject:** comments on RDCC items

The following comment applies to Wildcat wells: 35-12, Leland Bench; OA3#01, SU21#01, Stacey Hollow 12-11, Coalville 12-3, Coalville 9-3, and Crawford 4-25. The proposed well drilling projects may require a permit, known as an Approval Order, from the Utah Division of Air Quality if any compressor stations are operating at the site. A permit application, known as a Notice of Intent (NOI) should be submitted to the Executive Secretary at the Utah Division of Air Quality at 150 N. 1950 West, SLC, UT, 84116 for review according to the Utah Air Conservation Rule R307-400, Permits, Notice of Intent and Approval Order.

## QUANECO LLC

---

P.O. Box 7370  
Sheridan, Wyoming 82801  
307 673-1500

July 23, 2001

Lisha Cordova  
Utah Division of Oil, Gas and Mining  
1594 West Temple, Suite 1210  
Salt Lake City, Utah 84114-5801

Dear Lisha

I have included copies of changes from the Wyoming State Engineer's office for water to use drilling the Crawford 4-25, copies of the information Dennis Wright sent the Utah Division of Water for drilling the Coalville 9-3, and ~~12-3~~ and subsequently billed us for, and copies of a change in the plat for the Coalville 9-3 which Uintah Engineering sent us. Their plat reflects a change in the longitude description from 111\*21'35" to 111\*21'41".

Sincerely,

*Bill Courtney*  
Bill Courtney

RECEIVED

JUL 27 2001

DIVISION OF  
OIL, GAS AND MINING

49

SALESPERSON	DATE OF INVOICE 7/16/01
SHIP TO	

ACCOUNT NO.	DATE SHIPPED	SHIPPED VIA	COL.	P.P.	F.O.B. POINT	TERMS	YOUR ORDER NUMBER	
						NET		
QUANTITY	DESCRIPTION						UNIT PRICE	AMOUNT
1	JOB 12-3  ONE (1) SHARE CHALK CREEK-HOYTSVILLE WATER USERS CORPORATION STOCK LEASED FOR ONE YEAR.  WATER SHARE   LEASED 7/16/01 THRU 7/15/02  NOTE:   EACH SHARE REPRESENTS ONE (1) ACRE FOOT OF WATER  <u>NOTE TERMS:   DUE UPON RECEIPT OF INVOICE</u>							700.00
							<b>TOTAL</b>	700.00

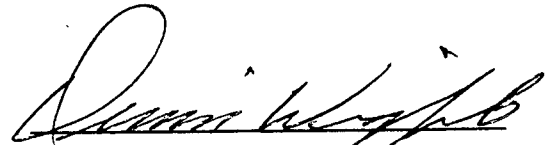
DATE: 7-16-01

Utah Division of Water Rights  
1636 West North Temple  
Salt Lake City, Utah 84114


Gentlemen:

The records of the Chalk Creek and Hoytsville Water User's Association show that WRIGHT DAIRY owns 94 shares of stock under Stock Certificate Numbers 113. The Shareholder has made an agreement to lease 1 shares of his stock to QUANECO LLC to provide drilling water for an oil well to be located at a (12-3) NW 1/4 SW 1/4 2-N-5-E.

This letter will serve as official notice that the Chalk Creek and Hoytsville Water User's Association has no objections to the shareholder or the lease using the stock as the basis to satisfy a "Application for Temporary Change of Point of Diversion Place or Purpose of Use" to be filed with your office.



Water Master



President

# QUANECO, LLC

July 31, 2001

Utah Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

## RE: Coalville 12-3 – Exception Location

Attention:

*Coalville*  
The ~~Crane~~ 12-3 is staked and surveyed in a location that is in close proximity to the P&A Weber 13-3. It is the intent to utilize the existing reclaimed location requiring no new surface disturbance and minimizing location construction cost. The proposed location is within 460' of the south boundary of the NW ¼ SW ¼ of Section 3, T2N, R5E.

Fat Chance Oil and Gas, LLC is the lessee of the minerals west and south of this 40-acre ¼ ¼ section (NW ¼ SW ¼ Section 3, T2N, R5E) including the 40-acre ¼ ¼ section directly to the south (SW SW Section 3, T2N, R5E). Fat Chance Oil and Gas, LLC requests that the submitted APD be approved as an exception location.

Thank you for your prompt attention and cooperation.

Sincerely,



Casey Osborn  
Operations Manager

**RECEIVED**

AUG 06 2001

DIVISION OF  
OIL, GAS AND MINING

**Fat Chance Oil and Gas, LLC**

P.O. Box 7370  
Sheridan WY 82801  
307-673-1500 Phone  
307-673-1400 Fax

August 29, 2001

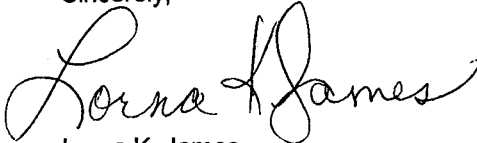
Utah Division of Oil, Gas and Mining  
ATTN: Lisha Cordova  
1594 W. North Temple  
Suite 1210  
Salt Lake City UT 84114-5801

Dear Lisha:

We have enclosed two copies of the Surface Use Agreement for our Coalville 9-3 well and our Coalville 12-3 well. The one Surface Use Agreement pertains to both wells.

If you have any questions, please do not hesitate to call.

Sincerely,



Lorna K. James  
Administrative Assistant

**RECEIVED**

AUG 30 2001

DIVISION OF  
OIL, GAS AND MINING



## MEMORANDUM OF SURFACE OWNERS AGREEMENT

United Park City Mines Company, a Delaware Corporation, and Quaneco, LLC, an Oklahoma Limited Liability Company, entered into a Surface Owners Agreement on August 14, 2001 covering the damages for locations, access roads and other items relating to oil and gas development on the lands described within Exhibit "A" attached hereto and made a part hereof.

Any party having a legitimate interest in the particulars contained within said Surface Owners Agreement may contact either of the following parties to arrange an inspection and review of said document:

United Park City Mines Company  
P. O. Box 1450  
Park City, Utah 84060

or

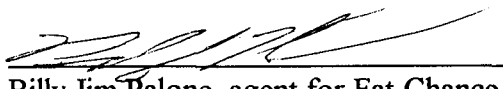
Quaneco, LLC  
P. O. Box 7370  
Sheridan, Wyoming 82801

This memorandum is executed and given to evidence the existence of a valid Surface Owners Agreement by and between the parties hereto.

Dated this 14th day of August, 2001.

United Park City Mines Company

  
Billy Jim Palone, as Agent for Quaneco, LLC

  
Billy Jim Palone, agent for Fat Chance  
Oil and Gas, LLC


  
By: PAUL LAMMERS  
Title: VICE PRESIDENT

Exhibit "A"

Township 2 North, Range 5 East, S.L.M.

Section 3: Lots 1, 2, 3, 4, S2N2, S2

Section 4: Lot 1, SENE, E2SE



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor

Kathleen Clarke  
Executive Director

Lowell P. Braxton  
Division Director

1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801  
801-538-5340  
801-359-3940 (Fax)  
801-538-7223 (TDD)

August 30, 2001

Fat Chance Oil & Gas, LLC  
PO Box 7370  
Sheridan, WY 82801

Re: Coalville 12-3 Well, 1413' FSL, 548' FWL, NW SW, Sec. 3, T. 2 North,  
R. 5 East, Summit County, Utah

Gentlemen:

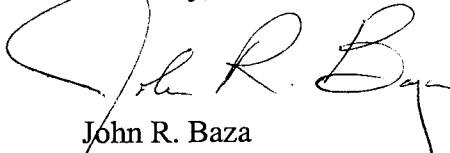
Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

Prior to any testing of the Longwall Member of the Frontier Formation in this well, the Division must be contacted and approval attained. The Division will notify Mountain Fuel Supply of any proposed testing in the Longwall prior to giving approval because of possible adverse affects on their Coalville Gas Storage Project located south of this well.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-043-30323.

Sincerely,



John R. Baza  
Associate Director

dm

Enclosures

cc: Summit County Assessor

Operator: Fat Chance Oil & Gas, LLC  
Well Name & Number Coalville 12-3  
API Number: 43-043-30323  
Lease: FEE

Location: NW SW Sec. 3 T. 2 North R. 5 East

### Conditions of Approval

#### 1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

#### 2. Notification Requirements

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- 24 hours prior to cementing or testing casing
- 24 hours prior to testing blowout prevention equipment
- 24 hours prior to spudding the well
- within 24 hours of any emergency changes made to the approved drilling program
- prior to commencing operations to plug and abandon the well

The following are Division of Oil, Gas and Mining contacts and their work telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at (801) 538-5338
- Carol Daniels at (801) 538-5284 (spud)

#### 3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

#### 4. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

#### 5. Operator shall comply with applicable recommendations resulting from Resource Development Coordinating Committee review. Statements attached.

#### 6. Production casing shall be cemented 100' minimum above any producing formation encountered while drilling and 100' minimum above any zones tested.

**From:** Gil Hunt  
**To:** Brad Hill; Dustin Doucet; John Baza; Lisha Cordova  
**Date:** 9/19/2001 11:23AM  
**Subject:** Fat Chance

After several conversations with Mt. Fuel engineer, Rudy Araktingi, I am suggesting we approve the APD for the Coalville 12-3 with the attached stipulation. They are not concerned with the 9-3 as it is in another fault block. They do have concerns if any testing is to take place in the Longwall Ss at the 12-3, since that is the same aquifer as their storage field. So I suggest if Fat Chance drills and finds something they want to test in the Longwall, that Mt. Fuel be contacted and given a chance to give input before any testing is approved. Rudy can be reached at 801-324-3735 or fax 324-3803.

APD Stipulation for Coalville 12-3-

Prior to any testing of the Longwall Member of the Frontier Formation in this well, the Division must be contacted and approval attained. The Division will notify Mountain Fuel Supply of any proposed testing in the Longwall prior to giving approval because of possible adverse affects on their Coalville Gas Storage Project located south of this well.

TRANSACTION REPORT

P. 01

SEP-13-2001 THU 02:17 PM

FOR: OIL, GAS & MINING

801 359 3940

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#	DP
SEP-13	02:14 PM	3243803	2' 50"	7	SEND	OK	177	
TOTAL :						2M 50S	PAGES:	7



**State of Utah**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor  
Kathleen Clarke  
Executive Director  
Lowell F. Braxton  
Division Director

1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801  
801-538-5340  
801-359-3940 (Fax)  
801-538-7223 (TDD)

UTAH DIVISION OF OIL, GAS AND MINING  
FACSIMILE COVER SHEET

DATE: 9-<sup>13</sup>-01

FAX #: 324-3803

ATTN: Rudy Araktingi

COMPANY: M.T. Fuel

DEPARTMENT: \_\_\_\_\_

NUMBER OF PAGES: (INCLUDING THIS ONE) 5

FROM: Sil Hunt



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor

Kathleen Clarke  
Executive Director

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Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

UTAH DIVISION OF OIL, GAS AND MINING  
FACSIMILE COVER SHEET

DATE:

9-<sup>13</sup>~~18~~-01

FAX #:

324-3803

ATTN:

Rudy Araktingi

COMPANY:

Mt. Fuel

DEPARTMENT:

NUMBER OF PAGES: (INCLUDING THIS ONE)

~~5~~

FROM:

Sil Hunt

If you do not receive all of the pages, or if they are illegible, please call (801)538-5340.  
We are sending from a sharp facsimile machine. Our telecopier number is (801)359-3940.

MESSAGES:

Important: This message is intended for the use of the individual or entity of which it is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return this original message to us at the above address via regular postal service. Thank you.



# GAMMA RAY

API UNITS

0 150  
150 300

INTEGRATED TRAVEL TIME

SANDSTONE POROSITY—%

30 20 10 0  
 $V_{ma} = 19,500$   $V_f = 5,300$

450 C DALVILLE  
700 CHALK  
CREEK

TO SURFACE  
KELVIN  
↑

LR

SPRING  
VALLEY

Caliper

Gamma Ray

POROSITY

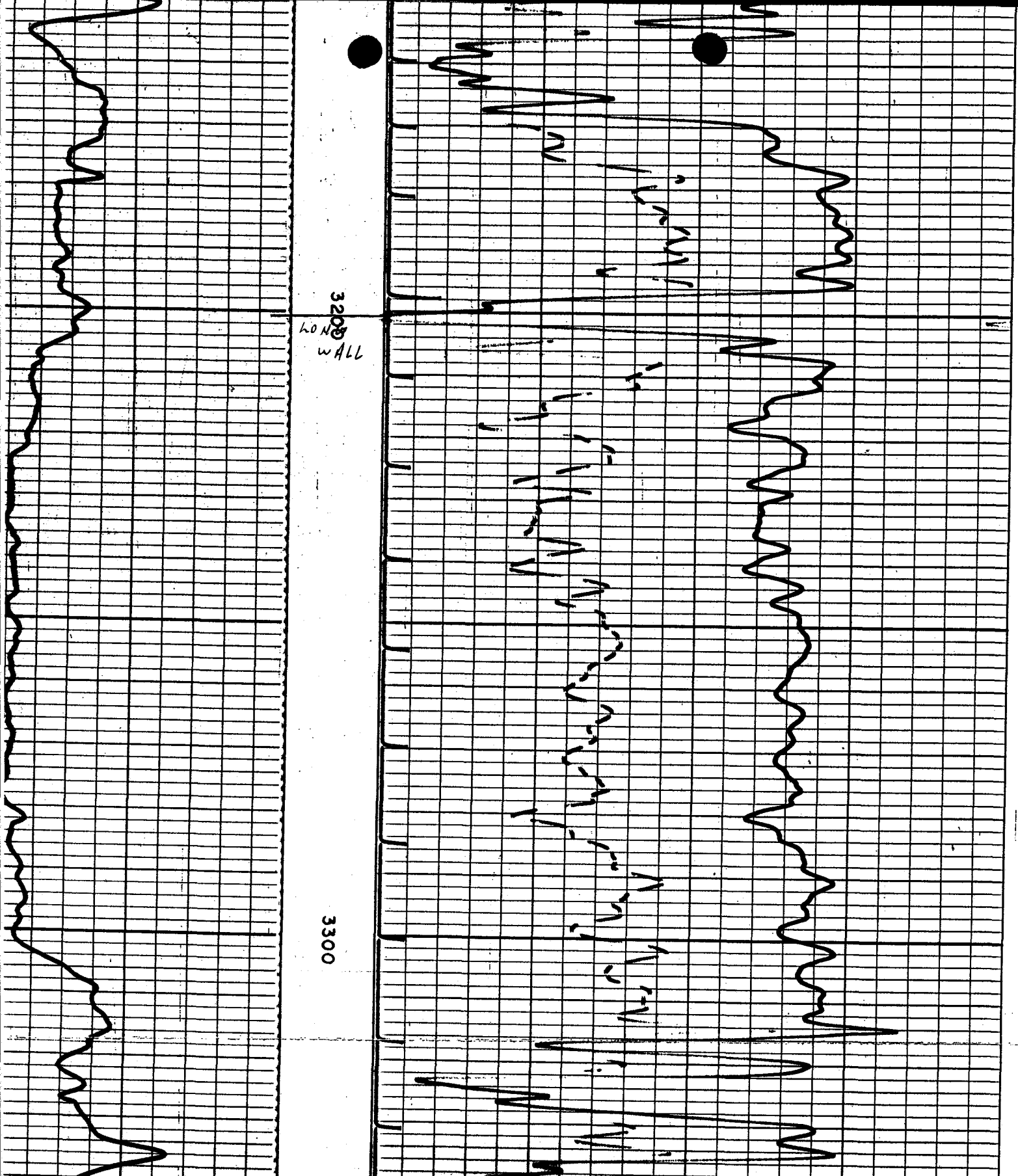
AT

One Millisecond Travel Time

Ten Milliseconds Travel Time

COAL??

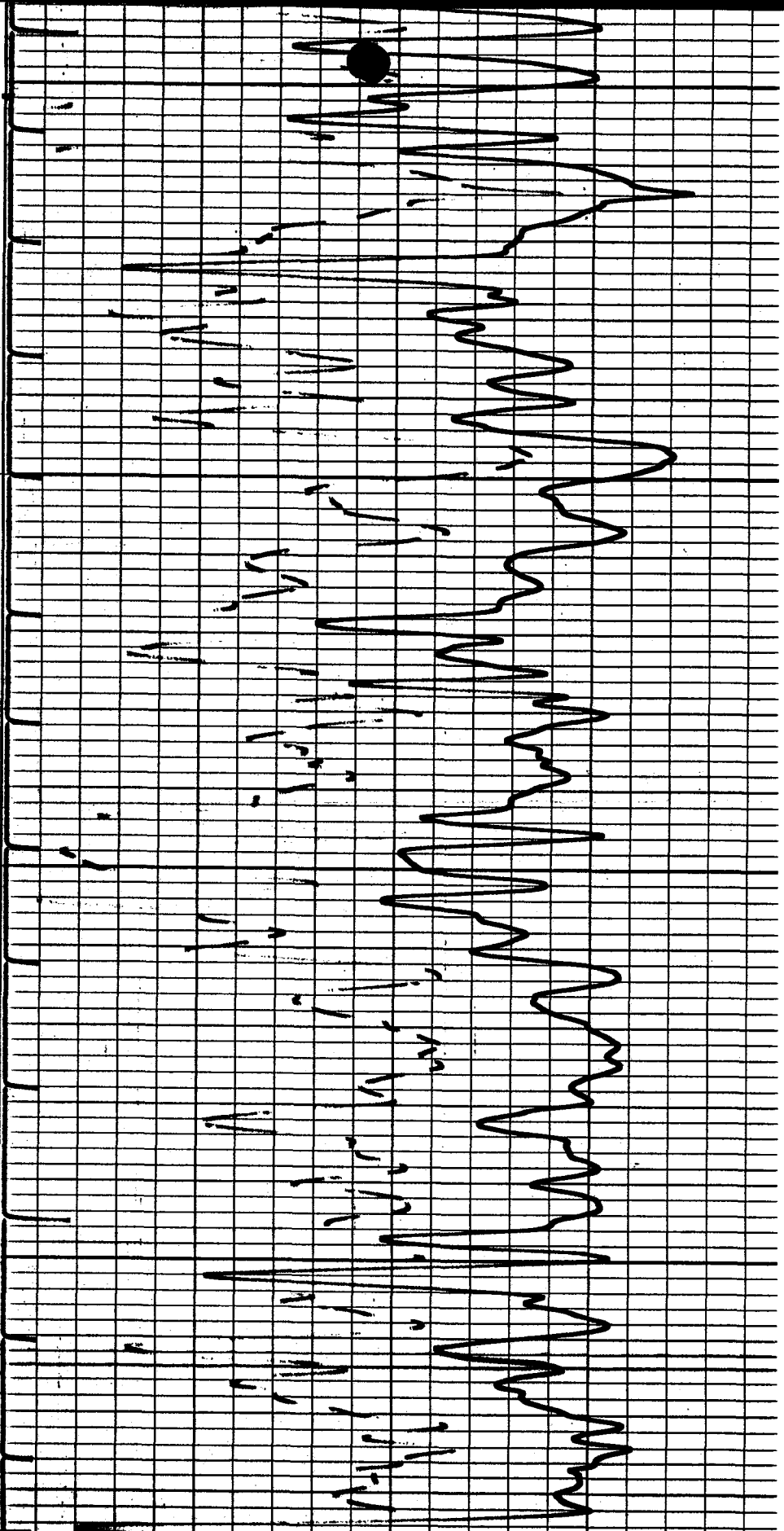
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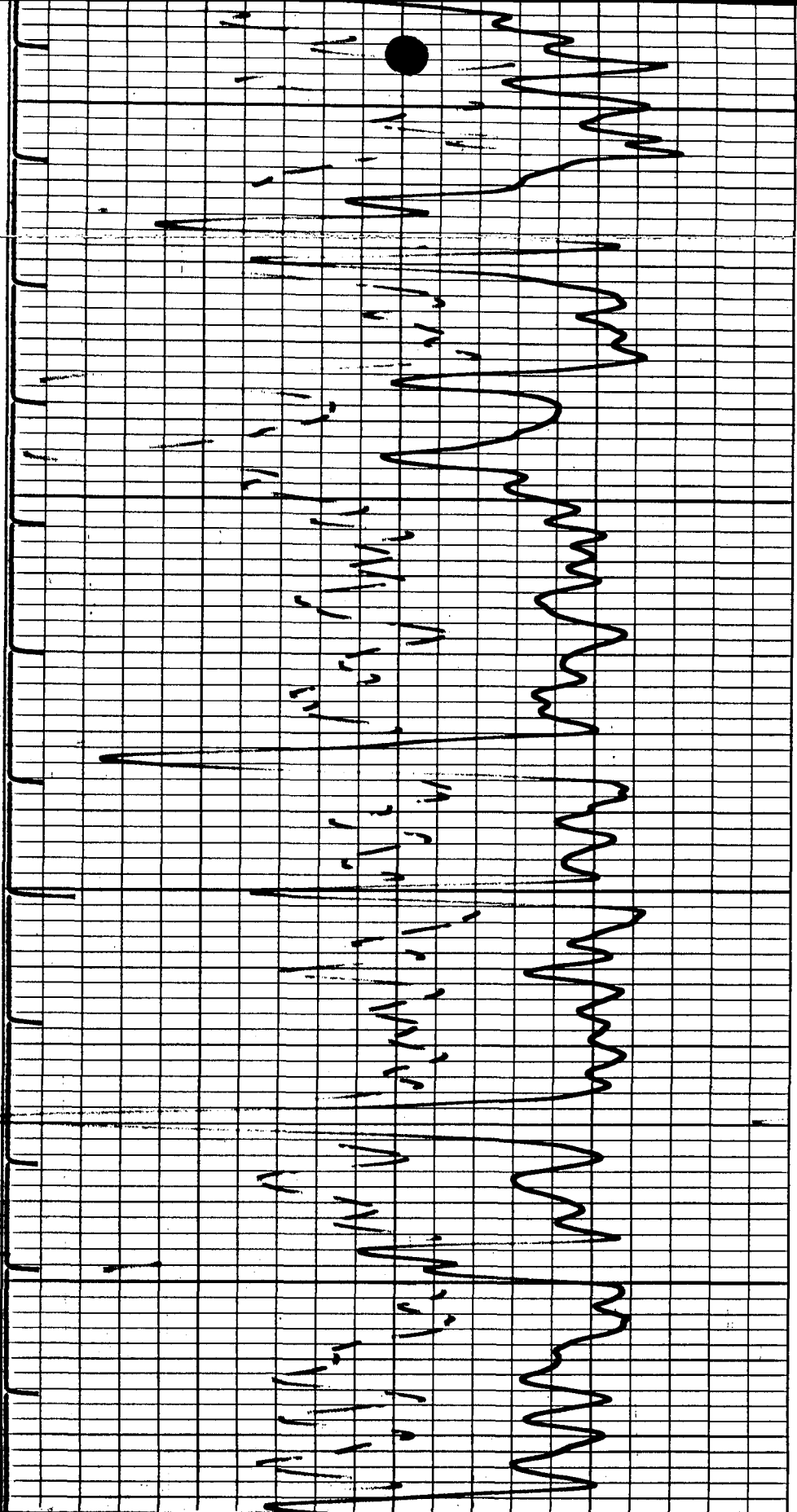


3400  
As 00 EN

3500

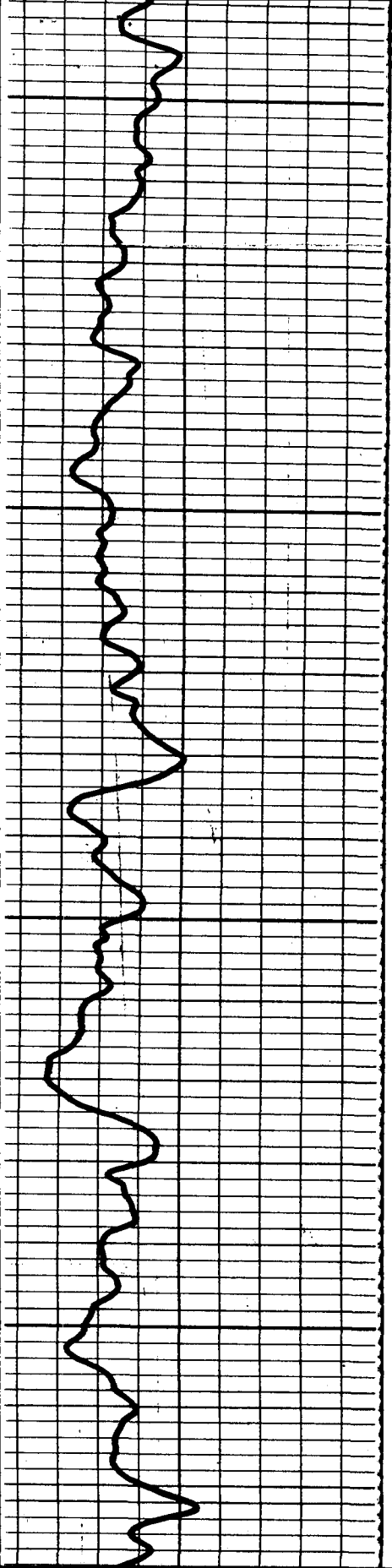
KELVIN

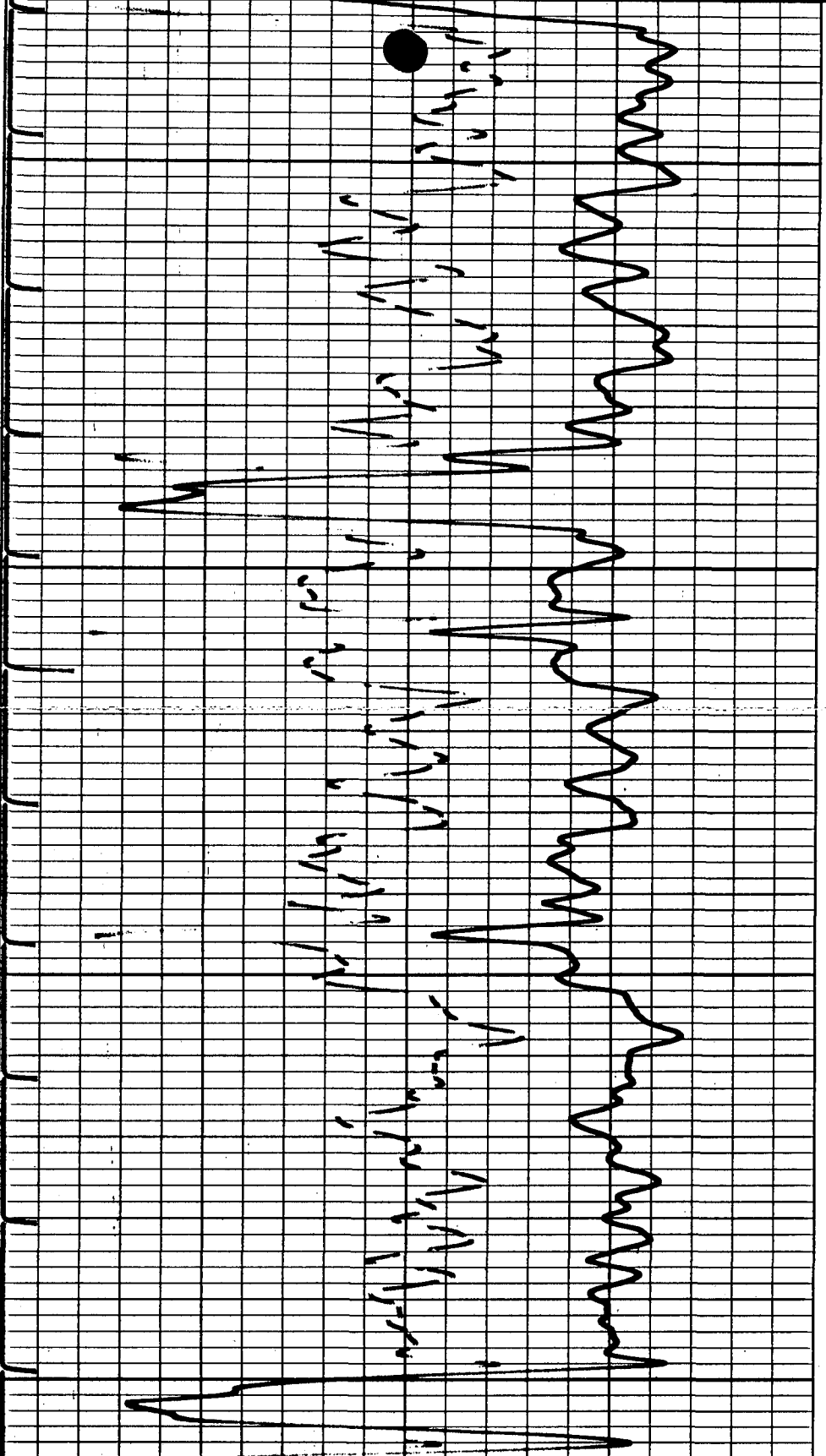




3600

3700





3800

3900



TRANSACTION REPORT

P.01

SEP-10-2001 MON 10:52 AM

FOR: OIL, GAS & MINING

801 359 3940

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#	DP
SEP-10	10:52 AM	3243803	37"	2	SEND	OK	119	
TOTAL :						37S PAGES:	2	



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
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801-538-5340  
801-359-3940 (Fax)  
801-538-7223 (TDD)

UTAH DIVISION OF OIL, GAS AND MINING  
FACSIMILE COVER SHEET

DATE: 9-10-01

FAX #: 324-3803

ATTN: Rudy Araktingi

COMPANY: Mt. Fuel

DEPARTMENT:

NUMBER OF PAGES: (INCLUDING THIS ONE) 2

FROM: Gil Hunt

# TRANSACTION REPORT

P. 01

SEP-20-2001 THU 03:59 PM

FOR: OIL, GAS & MINING

801 359 3940

DATE START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#	DP
SEP-20 03:56 PM	13076731400	2' 37"	8	SEND	OK	260	
TOTAL :				2M 37S	PAGES:	8	



## State of Utah DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor

Kathleen Clarke  
Executive Director

Lowell P. Braxton  
Division Director

1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801  
801-538-5340  
801-359-3940 (Fax)  
801-538-7223 (TDD)

### UTAH DIVISION OF OIL, GAS AND MINING FACSIMILE COVER SHEET

DATE: 9/20/01

FAX #: 307 673.1400

ATTN: \_\_\_\_\_

COMPANY: Fat Chance Oil

DEPARTMENT: \_\_\_\_\_

NUMBER OF PAGES: (INCLUDING THIS ONE) 8

FROM: Earlene Russell 538-5977

If you do not receive all of the pages, or if they are illegible, please call (801)538-5340.



CONFIDENTIAL

FORM 9

**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>Fee</b>	
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
		7. UNIT or CA AGREEMENT NAME:	
		8. WELL NAME and NUMBER: <b>Coalville 12-3</b>	
9. API NUMBER: <b>4304330323</b>			
10. FIELD AND POOL, OR WILDCAT: <b>Wildcat</b>			
1. TYPE OF WELL      OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____ 2. NAME OF OPERATOR: <b>Fat Chance Oil &amp; Gas, LLC</b> 3. ADDRESS OF OPERATOR: <b>PO box 7370</b> CITY <b>Sheridan</b> STATE <b>WY</b> ZIP <b>82801</b> PHONE NUMBER: <b>(307) 673-1500</b>			
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>1413' FSL 548' FWL</b> COUNTY: <b>Summit</b> QTR/QR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>NWSW 3    T2N R5E S</b> STATE: <b>UTAH</b>			

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> <b>NOTICE OF INTENT</b> (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> <b>SUBSEQUENT REPORT</b> (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Operator requests a one year extension of APD.

Approved by the  
Utah Division of  
Oil, Gas and Mining

Date: 08-07-02By: [Signature]

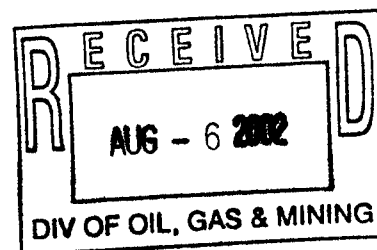
COPY SENT TO OPERATOR

Date: 8-8-02Initials: CHDNAME (PLEASE PRINT) Lorna JamesTITLE Administrative AssistantSIGNATURE Lorna JamesDATE 8/6/2002

(This space for State use only)

(5/2000)

(See Instructions on Reverse Side)



STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: Fee
2. NAME OF OPERATOR: Fat Chance Oil & Gas, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: PO Box 7370 CITY Sheridan STATE WY ZIP 82801		7. UNIT or CA AGREEMENT NAME:
PHONE NUMBER: (307) 673-1500		8. WELL NAME and NUMBER: Coalville 12-3'
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1413' FSL 548' FWL		9. API NUMBER: 4304330323
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 3 T2N R5E S		10. FIELD AND POOL, OR WILDCAT: Wildcat
COUNTY: Summit		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

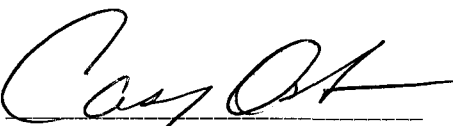
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	


12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

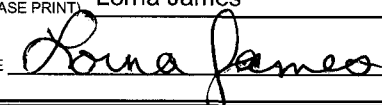
Please change the Operator to:

Quaneco, LLC  
PO Box 7370  
Sheridan WY 82801

Effective: July 19, 2003  
Bond# 885588C

  
Fat Chance Oil & Gas, LLC  
Casey Osborn

  
Quaneco, LLC  
Casey Osborn

NAME (PLEASE PRINT) Lorna James	TITLE Administrative Assistant
SIGNATURE 	DATE 8/13/2003

(This space for State use only)

RECEIVED  
AUG 25 2003  
DIV. OF OIL, GAS & MINING

## OPERATOR CHANGE WORKSHEET

## ROUTING

1. GLH

2. CDW

3. FILE

Change of Operator (Well Sold)

Designation of Agent/Operator

**X Operator Name Change**

Merger

The operator of the well(s) listed below has changed, effective:

7/19/2003

FROM: (Old Operator):	TO: ( New Operator):
N1395 - Fat Chance Oil & Gas, LLC PO Box 7370 Sheridan, WY 82801 Phone: 1-(307) 673-1500	N2495 - Quaneco, LLC PO Box 7370 Sheridan, WY 82801 Phone: 1-(307) 673-1500

CA No.

Unit:

## WELL(S)

NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS	
COALVILLE 9-3	03	020N	050E	4304330322		Fee	GW	APD	C
COALVILLE 12-3	03	020N	050E	4304330323		Fee	GW	APD	C
SUTTONS 4-12	12	060N	070E	4303330058	13286	Fee	GW	S	C
CRANE 4-4	04	060N	080E	4303330049	13056	Fee	GW	S	C
CRANE 12-4	04	060N	080E	4303330050	13057	Fee	GW	S	C
CRANE 13-6	06	060N	080E	4303330054		Fee	GW	APD	C
CRANE 6-7	07	060N	080E	4303330053		Fee	GW	APD	C
CRANE 13-8	08	060N	080E	4303330052	13093	Fee	GW	S	C
CRANE 13-18	18	060N	080E	4303330055		Fee	GW	APD	C
STACEY HOLLOW 14-35	35	070N	070E	4303330056	13104	Fee	GW	S	C
SIMS 13-33	33	070N	080E	4303330051		Fee	GW	APD	C
NEPONSET 4-35	35	080N	070E	4303330048		Fee	GW	APD	C
MURPHY RIDGE 1-32	32	080N	080E	4303330045	12970	State	GW	S	C
MURPHY RIDGE 7-32	32	080N	080E	4303330046		State	GW	APD	C
CRAWFORD 4-25	25	090N	070E	4303330065		Fee	GW	APD	C

## OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

1. (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 8/25/20032. (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 8/25/20033. The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 8/25/20034. Is the new operator registered in the State of Utah: YES Business Number: 4743368-01615. If **NO**, the operator was contacted on: \_\_\_\_\_

6. (R649-9-2) Waste Management Plan has been received on: \_\_\_\_\_

7. **Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases or N/A

8. **Federal and Indian Units:**

The BLM or BIA has approved the successor of unit operator for wells listed on: N/A

9. **Federal and Indian Communization Agreements ("CA"):**

The BLM or BIA has approved the operator for all wells listed within a CA on: N/A

10. **Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: N/A

**DATA ENTRY:**

1. Changes entered in the **Oil and Gas Database** on: 10/31/2003
2. Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 10/31/2003
3. Bond information entered in RBDMS on: 10/31/2003
4. Fee wells attached to bond in RBDMS on: 10/31/2003

**STATE WELL(S) BOND VERIFICATION:**

1. State well(s) covered by Bond Number: 885708C

**FEDERAL WELL(S) BOND VERIFICATION:**

1. Federal well(s) covered by Bond Number: N/A

**INDIAN WELL(S) BOND VERIFICATION:**

1. Indian well(s) covered by Bond Number: N/A

**FEE WELL(S) BOND VERIFICATION:**

1. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number 885588C
2. The **FORMER** operator has requested a release of liability from their bond on: N/A  
The Division sent response by letter on: N/A

**LEASE INTEREST OWNER NOTIFICATION:**

3. (R649-2-10) The **FORMER** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: 10/30/2003

**COMMENTS:**

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STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

CONFIDENTIAL

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: Fee
2. NAME OF OPERATOR: Quaneco, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: PO Box 7370 CITY Sheridan STATE WY ZIP 82801		7. UNIT or CA AGREEMENT NAME:
PHONE NUMBER: (307) 673-1500		8. WELL NAME and NUMBER: Coalville 12-3
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1413' FSL 548' FWL		9. API NUMBER: 4304330323
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 3 T2N R5E S		10. FIELD AND POOL, OR WILDCAT: Wildcat
COUNTY: Summit		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Operator requests a one year extension of permit to drill.

RECEIVED

NOV 28 2003

DIV. OF OIL, GAS & MINING

COPY SENT TO OPERATOR

Date: 12-3-03  
Initials: CHD

Approved by the  
Utah Division of  
Oil, Gas and Mining

Date: 11-28-03  
By: [Signature]

NAME (PLEASE PRINT) Lorna James TITLE Administrative Assistant  
SIGNATURE [Signature] DATE 11/18/2003

(This space for State use only)

**Application for Permit to Drill  
Request for Permit Extension  
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

**API:** 4304330323  
**Well Name:** Coalville 12-3  
**Location:** NWSW, Sect. 3, T2N, R5E, Summit County, Utah  
**Company Permit Issued to:** Quanecc, LLC  
**Date Original Permit Issued:** 8/30/2001

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes ☐ No ☒

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes ☐ No ☒

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes ☐ No ☒

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes ☐ No ☒

Has the approved source of water for drilling changed? Yes ☐ No ☒

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes ☐ No ☒

Is bonding still in place, which covers this proposed well? Yes ☒ No ☐

Lorna James  
Signature

8/6/2003

Date

Title: Administrative Assistant

Representing: Quanecc, LLC



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

(801) 538-5340 telephone

(801) 359-3940 fax

(801) 538-7223 TTY

[www.nr.utah.gov](http://www.nr.utah.gov)

Michael O. Leavitt  
Governor

Robert L. Morgan  
Executive Director

Lowell P. Braxton  
Division Director

November 25, 2004

Lorna James  
Fat Chance Oil & Gas, LLC  
PO Box 7370  
Sheridan, WY 82801

Re: Notification of Sale or Transfer of Fee Lease Interest

Dear Ms. James:

The Division has received notification of a operator change from Fat Chance Oil & Gas, LLC to Quaneco, LLC for the attached list of wells which are located on fee leases.

Utah Administrative Rule R649-2-10 states; the owner of a lease shall provide notification to any person with an interest in such lease, when all or part of that interest in the lease is sold or transferred.

This letter is written to advise Fat Chance Oil & Gas, LLC of its responsibility to notify all individuals with an interest in this lease (royalty interest and working interest) of the change of operator. Please provide written documentation of this notification to:

Utah Royalty Owners Association  
Box 1292  
Roosevelt, Utah 84066

Your assistance in this matter is appreciated.

Sincerely,

Earlene Russell  
Engineering Technician

cc: Utah Royalty Owners Association, Lamar Wilson  
John R. Baza, Associate Director



Fat Chance Oil & Gas, LLC  
November 25, 2004

ATTACHMENT "A"

<u>Well Name</u>	<u>Sec.-Twsp -Rng.</u>	<u>API Number</u>
NEPONSET 4-35	35 080N 070E	4303330048
CRANE 4-4	04 060N 080E	4303330049
CRANE 12-4	04 060N 080E	4303330050
SIMS 13-33	33 070N 080E	4303330051
CRANE 13-8	08 060N 080E	4303330052
CRANE 6-7	07 060N 080E	4303330053
CRANE 13-6	06 060N 080E	4303330054
CRANE 13-18	18 060N 080E	4303330055
STACEY HOLLOW 14-35	35 070N 070E	4303330056
SUTTONS 4-12	12 060N 070E	4303330058
CRAWFORD 4-25	25 090N 070E	4303330065
COALVILLE 9-3	03 020N 050E	4304330322
COALVILLE 12-3	03 020N 050E	4304330323



State of Utah

Department of  
Natural Resources

ROBERT L. MORGAN  
*Executive Director*

Division of  
Oil, Gas & Mining

MARY ANN WRIGHT  
*Acting Division Director*

OLENE S. WALKER  
*Governor*

GAYLE F. McKEACHNIE  
*Lieutenant Governor*

December 3, 2004

Lorna James  
Quaneco, LLC  
P O Box 7370  
Sheridan WY 82801

Re: APD Rescinded – Coalville 12-3, Sec. 3, T. 2N, R. 5E  
Summit County, Utah API No. 43-043-30323

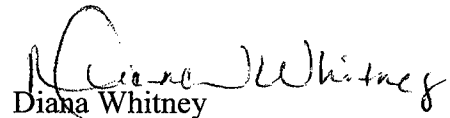
Dear Ms. James:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on August 30, 2001. On August 7, 2002 and November 28, 2003, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective December 3, 2004.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

  
Diana Whitney  
Engineering Technician

cc: Well File  
Gil Hunt, Technical Services Manager